Canadian International Development Agency

Departmental Performance Report

For the period ending
March 31, 2008

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Abbreviations

ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AIHRC	Afghan Independent Human Rights Commission
ANDS	Afghanistan National Development Strategy
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Centre
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CERs	Canadian expert resources
CFA	Canada Fund for Africa
CFLI	Canada Fund for Local Initiatives
CFO	Chief Financial Officer
CIDA	Canadian International Development Agency
CIFA	Canada Investment Fund for Africa
CPB	Canadian Partnership Branch
CRF	Consolidated Revenue Fund
CSME	Caribbean Single Market and Economy
CSO	Civil society organization
DAC	Development Assistance Committee
DDD	Deployment for Democratic Development
DFAIT	Department of Foreign Affairs and International Trade
DIP	Development Information Program
DND	Department of National Defence
DPR	Departmental Performance Report
DRC	Democratic Republic of the Congo
DRR	Disaster risk reduction
EQUIP	Education Quality Improvement Project
FEDEVOCERA	La Federación de Cooperativas de las Verapaces
FTEs	Full-time equivalents
G8	Group of 8 (Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States)
GDP	Gross domestic product
GNI	Gross national income
GNU	Government of National Unity (Sudan)
GoSS	Government of Southern Sudan
HIV	Human Immunodeficiency Virus
HRSDC	Human Resources and Social Development Canada
ICDDR, B	International Centre for Diarrhoeal Diseases Research in Bangladesh
IDRC	International Development Research Centre
IFI	International financial institutions
IMF	International Monetary Fund
JCSS	Joint Country Support Strategy
JDT	Joint Donor Team
MAF	Management Accountability Framework

MDGs	Millennium Development Goals
MERA	Multilateral effectiveness and relevance assessment
MINUSTAH	United Nations Stabilization Mission in Haiti
MOE	Ministry of Economy
MOPAN	Multilateral Organisations Performance Assessment Network
MPB	Multilateral Programs Branch
MRRS	Management, Resources and Results Structure
NEPAD	New Partnership for Africa's Development
NGOs	Non-governmental organizations
NWFP	North-West Frontier Province (Pakistan)
OAG	Office of the Auditor General
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECs	Organisation of Eastern Caribbean States
OGDs	Other government departments
OPAM	Office des produits agricoles du Mali
PAHO	Pan American Health Organization
PEF	Public Engagement Fund
PPP	Purchasing-power parity
PSMA	*Public Service Modernisation Act*
RPP	Report on Plans and Priorities
SMDTFs	Sudan Multi-Donor Trust Funds
TBS	Treasury Board of Canada Secretariat
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VCAs	Volunteer Cooperation Agencies
VCP	Volunteer Cooperation Program
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

SECTION 1: DEPARTMENTAL OVERVIEW

1.1 Message from the Minister

For 40 years the Canadian International Development Agency (CIDA) has led Canada's efforts to reduce global poverty. Real progress has been achieved in improving the living conditions of millions of people through better access to health care, quality education, increased income, healthier environment, as well as the protection of human rights and the promotion of equality between women and men. Still, more can be done, and it can be done more effectively. The government is committed to making our development programs more focused, efficient and accountable.

This report provides information on how taxpayers' dollars are being spent.

In 2007-2008, CIDA focused on the government's priorities and steadfast in delivering on the government's commitments. The Agency delivered Canada's largest ever bilateral aid program in Afghanistan. As partners, with the Afghan government in the five-year Afghanistan Compact signed in 2006, Canada is among the top five donors of 50 countries contributing to supporting the Afghan people.

Canada has also responded to the emerging food crisis. In 2007, Canada's contribution to the World Food Programme and the Canadian Foodgrains Bank is helping to feed more than 5 million vulnerable people. Canada is now the second highest ranked donor country to the World Food Programme.

Canada has a time-honoured tradition of helping those less fortunate. We must ensure that our support is making a difference in the lives of those living in poverty. I am pleased to present this report on the performance of CIDA.

The Honourable Beverley J. Oda, P.C., M.P.
Minister of International Cooperation

1.2 Management representation statement

I submit for tabling in Parliament the *2007–2008 Departmental Performance Report* for the Canadian International Development Agency.

The document was based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2008–2009 Estimates* and, in particular, the *Reports on Plans and Priorities* and the *Departmental Performance Reports*. This document:

- adheres to the specific reporting requirements outlined in Treasury Board Secretariat guidelines;
- is based on the Agency's Strategic Outcomes and Program Activity Architecture, which were approved by the Treasury Board;
- presents consistent, comprehensive, balanced, and reliable information;
- provides a basis of accountability for the results achieved with the resources and authorities entrusted to the Agency; and
- reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Margaret Biggs
President
Canadian International Development Agency

1.3 Departmental performance

Performance context

Poverty reduction has always been the ultimate goal of Canada's aid program. From its earliest days, Canada's development assistance has targeted poor and marginalized countries. Over the years, Canada's approach to international development has moved in step with major international reforms in development practice. Our approach strives to reflect lessons learned and new approaches to development cooperation.

Although Canadians are proud of their aid program, they question its effectiveness. The Government of Canada announced its major commitment to aid effectiveness in the 2007 budget through a three-point program to strengthen the focus, improve the efficiency, and increase the accountability of Canada's aid program. In line with this direction, CIDA focuses on four departmental priorities: increased strategic focus of programming, strengthened program delivery, effective use of the Agency's resources, and clear accountability for results. Recognizing that it can go only so far on its own to achieve its goals of greater focus and effectiveness, Canada is taking part in the international dialogue based on the 2005 Paris Declaration on Aid Effectiveness to achieve increased accountability, cohesion, co-ordination, and focus.

Overall, progress in international development is encouraging. Millions of lives are being saved. For example, more children are being protected against preventable or treatable diseases. Many more lives are being improved through increased income, as well as the promotion and protection of human rights. Additionally, many people now have better access to clean water, basic education, and basic health services. This has resulted in improvements in many development indicators such as infant mortality and literacy, building a stronger foundation for a better future. CIDA significantly contributes to these results through its support.

The Agency's aid programs are centered on the needs and areas where Canada can add value. It continues to bring Canada's expertise to the developing world in democratic governance, equality between women and men, private sector development, the environment, health, and basic education. This approach helps developing nations become self-sufficient and better able to provide basic services to their people.

Risks and challenges

CIDA works in some of the world's riskiest environments. These are places where there is extreme poverty, war and conflict, environmental deterioration, social and economic instability, famine, infectious diseases, and natural disasters. The Agency operates according to a solid strategy to reduce development, operational, financial, and reputational risks. This is backed by guidance, training, and tools on how to evaluate and manage risks when delivering Canadian assistance. This support helps reduce uncertainty for program managers. They can then make informed decisions and take responsible,

appropriate risks to achieve the best development results. This also contributes to greater accountability.

In 2007–2008, the difficulty in bringing peace and stability to fragile states (for example, Afghanistan, Haiti, Sudan, and West Bank / Gaza) continued to be an important factor influencing development work. Disaster risk reduction was also an important element in development programming. For example, Canada supports the readiness of governments in the Caribbean to respond to natural disasters. In February 2007, Canada contributed $20 million to the Caribbean Catastrophe Risk Insurance Facility. This World Bank program provides governments with insurance against government losses (for example, essential public services) caused by catastrophic hurricanes and earthquakes. In July 2007, Canada began supporting a $20-million Caribbean regional disaster risk-management program.

In 2007–2008, CIDA also reinforced its capacity to manage financial risk. Key tools have been developed. These tools include a policy on assessing financial risks, especially when using a developing country's own systems, reporting frameworks, and training.

Lessons learned in 2007–2008

Canada's role in Afghanistan – The change in Canada's participation in Afghanistan has begun. It is based on the advice of the Independent Panel on Canada's Future Role in Afghanistan and the House of Commons motion of March 13, 2008, which called for a stronger alignment of diplomatic, civil, and military activities among government partners. This new phase will focus on stabilization and state-building efforts in the province of Kandahar. The Canadian government announced six priorities on June 10, 2008.[1] CIDA is involved in implementing three of these priorities:

1. strengthening Afghan institutional capacity to deliver basic services and promote economic growth, thereby enhancing the confidence of Kandaharis in their government;
2. providing humanitarian assistance to increase people's capacity to deal with crises; and
3. helping advance Afghanistan's capacity for democratic governance by contributing to effective, accountable public institutions and electoral processes.

Our partners, meantime, are involved in these three priorities:

4. enabling the Afghan National Security Forces in Kandahar to sustain a more secure environment and to promote law and order;
5. enhancing border security through facilitating bilateral dialogue between Afghan and Pakistani authorities; and
6. helping Afghan-led efforts toward political reconciliation.

More details are provided in the report card on Afghanistan in Section 2.

[1] Report available at http://www.afghanistan.gc.ca/canada-afghanistan/documents/q108/index.aspx.

Peer review of Canada's development program – Every five years, the Organisation for Economic Co-operation and Development (OECD) reviews Canada's aid program. The October 2007 review[2] concluded with a positive outcome, and provided useful direction to further improve Canada's aid program. In many ways, it confirmed the path the Government of Canada had already chosen for itself.

The review acknowledges the progress made in a number of areas, such as the whole-of-government approach to working with fragile states, humanitarian action, an increased focus in Africa, and growth in the aid budget. The OECD recommended that Canada:

- adopt clear objectives for development assistance;
- focus on fewer country partners;
- distribute multilateral aid more strategically;
- reinforce the implementation of the Paris Declaration on Aid Effectiveness;
- delegate greater authority to its employees working in the field; and
- carry out its transformation initiative.

These recommendations were taken into account in CIDA's 2008–2009 *Report on Plans and Priorities*.

Survey on monitoring the Paris Declaration – The OECD released its report on the 2008 survey on monitoring the Paris Declaration on Aid Effectiveness. The survey demonstrates CIDA's continued commitment to aid effectiveness:

- Marked progress has been made to untie our Official Development Assistance (ODA) (74 percent)[3].
- Improvements have been seen in harmonization with other donors based on common arrangements mostly due to the Agency's participation in program-based approaches.

Areas for further improvement for CIDA include:

- increasing the amount of coordinated missions and shared analytical work with other donors; and
- untying aid.

Because many of the pre-conditions needed for fully implementing the Paris Declaration are now in place, CIDA and other donors can make real progress on its implementation over the medium term.

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[2] Report available at http://www.oecd.org/dataoecd/9/60/33433.en_2649_33721_39509628_1_1_1_1,00.html

[3] Based on CIDA's country partners that participated in this survey.

Audits and evaluations - Audits completed in 2007–2008[4] demonstrated that CIDA officers applied the required financial controls and made careful evaluations (due diligence) when selecting and approving grants, contributions, or contracts. The audits concluded that CIDA was using its resources effectively, and that it complied with legislation and government policies or procedures. Areas that were not compliant were usually minor and local. Action was taken to correct each situation, such as those identified in the example of the Mozambique Country Program audit below.

The audit of the **Mozambique Country Program** determined that key financial and management controls were generally operating effectively. The program complies with relevant legislation and policies. A clearly defined accountability framework is in place. Processes existed for identifying, updating, and managing operational risks and for developing appropriate strategies to reduce harmful effects. Program and project results were monitored, measured, and reported to management so that a manager could make informed decisions. Written procedures for verifying accounts need to be improved. As well, the Treasury Board Policy on Transfer Payments regarding eligible aid expenditures needs to be clearly interpreted.

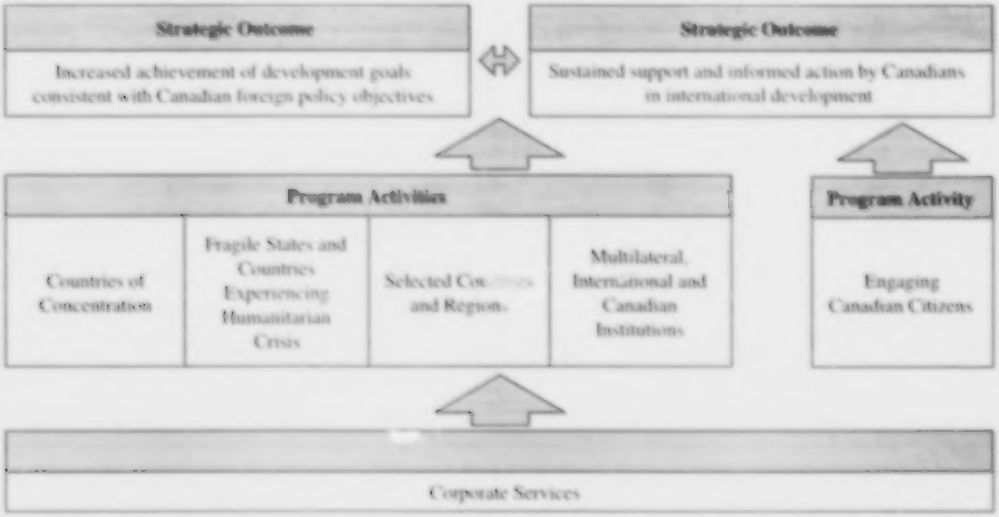
[4] CIDA internal audits are available at http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/EMA-218131243-PLN

1.4 Summary information

Our aid program benefits Canadians in four broad ways: it plays an important role in Canada's global reach and influence, provides a concrete expression of values that Canadians cherish, builds long-term relationships in selected economies around the world, and helps make the world more secure for Canadians.

Strategic outcomes and Program Activity Architecture

The goal of Canada's aid program is to reduce poverty, promote human rights, and increase sustainable development in developing countries. It flows from the two long-term results, or strategic outcomes (see below), to which the Agency contributes by managing the aid program according to five main program activities (see below). Each program activity is defined in Section 2.


Strategic Outcome
Increased achievement of development goals consistent with Canadian foreign policy objectives
Strategic Outcome
Sustained support and informed action by Canadians in international development
Program Activities
Countries of Concentration
Fragile States and Countries Experiencing Humanitarian Crisis
Selected Countries and Regions
Multilateral, International and Canadian Institutions
Program Activity
Engaging Canadian Citizens
Corporate Services

Fiscal year 2007–2008 marks the implementation of CIDA's new Program Activity Architecture presented above. This change in reporting frameworks does, however, lead to difficulty in providing a comparative analysis of spending between 2006–2007 and 2007–2008. For example, an amount of $75 million was planned under the *Selected Countries and Regions* program activity for private sector development in 2007–2008, however, related expenditures are presented under the *Multilateral, International and Canadian Institutions* program activity. Nevertheless, some key factors explaining these variances include the increased priority in the Afghanistan program and delayed spending caused by the realignment of programming within the *Countries of concentration* and *Selected countries and regions* program activities. Delayed spending also resulted in higher-than-expected expenditures under the *Multilateral, international and Canadian institutions* program activity.

The increase in human resources (in full-time equivalents) is due to incremental resources in the Afghanistan program; the hiring of personnel instead of contracting consultants for information management and technology services; and increased human resources management, and financial and contractual resources to strengthen management capacity.

Financial resources		
Planned spending	**Total authorities**	**Actual spending**
$3,069,354,000	$3,326,658,788	$3,254,420,910
Human resources (in full-time equivalents)		
Planned	**Actual**	**Difference**
1,676	1,791	115

		2007–2008	
Program activity	**Expected results**	**Planned spending**	**Actual spending**
Strategic outcome: Increased achievement of development goals consistent with Canadian foreign policy objectives			
Countries of concentration	Enhanced capacity of countries of concentration to achieve development goals	$826,205,000	$758,885,648
Fragile states and countries experiencing humanitarian crisis	Reduced vulnerability of crisis-affected people	$618,242,000	$716,436,642
	Restored capacity of public institutions and civil society		
Selected countries and regions	Enhanced capacity of selected countries and regions to achieve stability and/or development goals	$631,244,000	$490,116,537
	Contribution to international interests of the Government of Canada		
Multilateral, international and Canadian institutions	Enhanced capacity and effectiveness of multilateral institutions and Canadian/international organizations in achieving development goals	$919,004,000	$1,235,072,645
Strategic outcome: Sustained support and informed action by Canadians in international development			
Engaging Canadian citizens	Increased awareness, deepened understanding and greater engagement of Canadians with respect to international development issues	$74,659,000*	$53,909,438

* Of this amount, $40 million was for institutional capacity building in democratic governance.

Allocated across program activities	
Corporate services*	Provide support services to CIDA programming

* Financial and human resource costs for corporate services are distributed to the other programs activities, as required by the Treasury Board Secretariat.

1.5 Progress toward strategic outcomes and priorities

CIDA's progress toward achieving its two strategic outcomes and four departmental priorities is discussed below.

STRATEGIC OUTCOME	SELECTED PERFORMANCE INDICATORS	
Increased achievement of development goals consistent with Canadian foreign policy objectives	• Progress toward the Millennium Development Goals (MDGs) • Progress toward democratic governance	
Departmental priorities	**Type**	**Performance status**[5]
Increased strategic focus of programming	**Ongoing**	**Good progress made**
• Deliverable 1 – Target resources in critical countries and regions.		Met
• Deliverable 2 – Focus on high-impact sectors.		Met
Strengthened program delivery	**Ongoing**	**Progress made**
• Deliverable 3 – Recognize the role of civil society in aid effectiveness.		Met
• Deliverable 4 – Renew and strengthen CIDA's partnerships with Canadian partners.		Met
• Deliverable 5 – Assess the effectiveness and relevance of key multilateral institutions and develop an investment strategy.		Partially met
Effective use of Agency resources	**Ongoing**	**Good progress made**
• Deliverables 6 and 7 – Invest in a sustainable workforce; support public service renewal.		Met
Clear accountability for results	**Ongoing**	**Good progress made**
• Deliverable 8 – Implement the *Federal Accountability Act* Action Plan.		Met

In today's development context, achieving this strategic outcome requires complex and many-sided approaches. For example, CIDA shares accountability with its partners, and to a larger extent, with the beneficiaries themselves. Partners include developing countries organizations and institutions; multilateral, Canadian, and international institutions; the private sector; non-governmental organizations (NGOs); academia; and other government departments. This shared accountability makes it challenging to demonstrate CIDA's direct contribution to development results, and impossible to attribute a specific share of the results to this contribution. As well, many activities and programs are needed to foster the necessary environment so that partner countries can achieve results. For example, more

[5] Performance ratings: little progress made means all deliverables were partially met; progress made means no more than one deliverable was partially met; good progress made means all deliverables were met.

and more donors, including Canada, are focusing on capacity building so that countries and communities can maintain the results they have achieved over the long term.

The progress reported below focuses on three strategic areas: A) progress made toward development goals; B) progress made toward democratic governance; and C) progress made toward departmental priorities.

A) Progress made toward development goals

The MDGs are an international set of goals to be achieved by 2015. They are supported by indicators and are tracked around the world by reliable institutions. They provide a large portion of the very limited data that is available worldwide on development progress.

We are about halfway through the target date of 2015; however, certain developing countries may not achieve the targets. Nevertheless, major progress has been seen since 2000, as reported in this section.

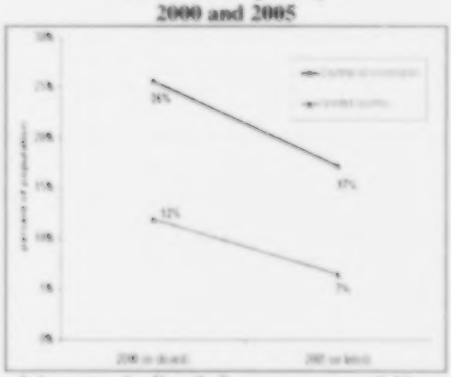
The MDGs aim to:

1. eradicate extreme poverty and hunger
2. achieve universal primary education
3. promote gender equality and empower women
4. reduce child mortality
5. improve maternal health
6. combat HIV/AIDS, malaria and other diseases
7. ensure environmental sustainability
8. develop a global partnership for development

Canada focuses on key sectors that contribute to the MDGs, but it also recognizes that freedom and democracy, human rights, the rule of law, and performing institutions are the necessary bases for real development to occur.

CIDA monitors progress on long-term development results that include the MDGs; however, reporting in Section 2 focuses on the more immediate results achieved by its programs.

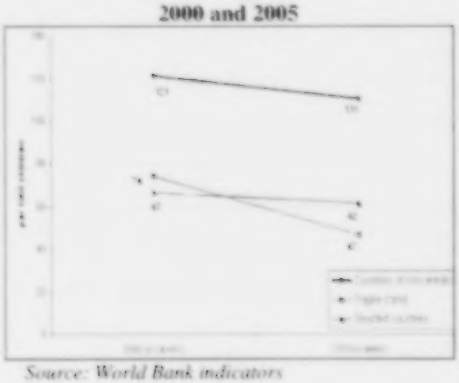
Percentage of population living on less than $1 per day – 2000 and 2005



Information for Fragile States was not available
Source: World Bank indicators

Poverty reduction – The global economy is undergoing profound changes. These changes are partly a result of strong growth in a number of large emerging economies and of more global economic integration. Strong economic growth has been a key factor in progress toward overall poverty reduction; however, progress has been uneven among and within regions and countries. Moreover, the recent substantial rise in energy and food prices has illustrated how a number of poor developing countries are easily affected by global developments. It has also underlined the need for a wide-ranging approach to tackle global challenges.

Mortality rate for children under the age of 5 – 2000 and 2005



Source: World Bank indicators

Health – There has been substantial progress toward meeting the health-related MDGs. The global death rate in children under the age of 5 dropped from 91 per 1,000 live births in 1990 to 71 per 1,000 in 2006. This means millions of children's lives saved. CIDA has played a leading role in helping achieve this result through work in vaccination and nutrition, and in addressing communicable diseases. However, much remains to be done. Since 1990, 12 African nations have actually seen an increase in child mortality. It is estimated that nearly 10 million children die each year.

In 2007, the number of people living with HIV/AIDS was 33.2 million people, of which 15.4 million were women. Of these, more than 90 percent live in developing countries, and two thirds are in sub-Saharan Africa. The number of people with HIV appears to have stayed the same in some of the worst-affected countries; however, 2.5 million new infections and 2.1 million deaths as a result of AIDS were recorded in 2007. In sub-Saharan Africa, the estimated number of children under the age of 18 orphaned by AIDS more than doubled between 2000 and 2007, reaching 12.1 million. The impact of HIV/AIDS on women and girls is most profound. They are at increased risk of acquiring HIV, usually assume the bulk of care giving in affected families, and often suffer discrimination and abandonment when a partner is lost to AIDS.

CIDA is committed to achieving measurable results against the health MDGs. For example, since 2000, CIDA has expanded access to tuberculosis treatment, resulting in an additional 4 million people being successfully treated. In recent years, the Agency has supported developing countries in strengthening their health systems to:

- provide more accessible, quality services;
- alleviate the burden of illness such as HIV/AIDS, tuberculosis, and malaria; and
- improve maternal and child health.

As part of this commitment, Canada was, in September 2007, one of the first countries to sign the International Health Partnership. This is an agreement between donors, international health organizations, and developing countries to develop concrete strategies to implement the principles of aid effectiveness in the health sector. In November 2007, the Prime Minister announced the Canada-led Initiative to Save a Million Lives. This program is delivering basic, cost-effective and life-saving health services to mothers and children in African countries where the needs are greatest.

Addressing health needs of developing countries

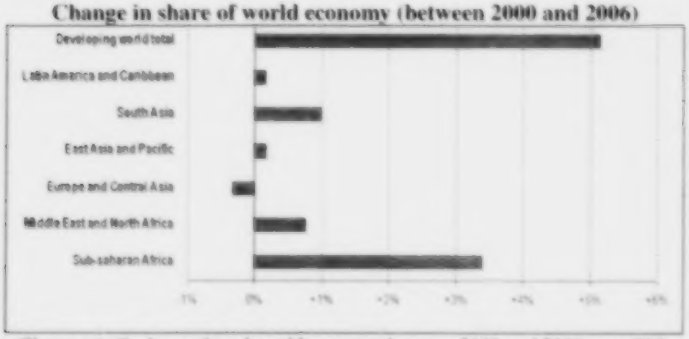
- ✓ In Mali, CIDA supported various projects to improve the quality, accessibility, and use of health care in the Kayes region, one of the poorest areas of the country. As a result, between 2002 and 2006, the number of births attended by skilled personnel increased from 23 percent to 42 percent. As well, the number of infants vaccinated increased from

49 percent to 96 percent.

- ✓ Since its creation in 2002, Canada has committed $980 million to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. By the end of 2007, Canadian and other donor funding had helped the fund to provide antiretroviral treatment to 1.4 million individuals with HIV.
- ✓ In Madagascar in 2007, CIDA gave funds to the Canadian Red Cross to purchase and deliver 491,800 bed nets treated with long-lasting insecticides to prevent malaria, a major cause of death among children.

CIDA's investment in the health sector was $667 million, or 23 percent of its total aid spending in 2007–2008. This includes about $222 million for communicable diseases, $135 million for nutrition, $258 million for strengthening health systems, and $52 million for reproductive health.

Change in share of world economy (between 2000 and 2006)



Changes in % share of total world economy between 2000 and 2006 uses GNI (PPP method) of developing regions as a share of total world GNI

Private sector development – Economic growth is a necessary condition for, and a key contributor to, sustainable reduction of poverty and hunger. Sustained economic growth depends in turn on a dynamic private sector. A vibrant private sector is essential for countries to take advantage of the opportunities offered by globalization; create employment and income opportunities for people; and generate tax revenues for governments. Many developing countries have made steady progress in fostering a strong private-sector-led growth in recent years, which helped to increase their share of world economy, as shown in the graph.

However, progress has been uneven among and within regions and accompanied by rising income inequality within many countries, underscoring the importance of continued efforts towards addressing constraints to pro-poor private-sector-led growth in developing countries. This is an important priority for CIDA.

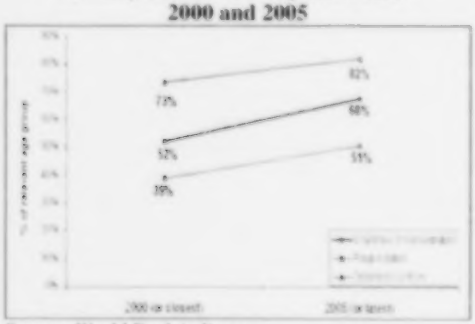
CIDA's contribution to establishing entrepreneurship

- ✓ CIDA's support to the Kabul Procurement Marketplace project is helping increase the local economic impact of participants in international development and is supporting local Afghan businesses and entrepreneurs. This project has led to more than US$65 million in new contracts being awarded to Afghan agricultural, construction, and manufacturing companies. The project also established the Afghanistan Procurement Directory, which now features more than 3,500 legally registered Afghan businesses. Identified as a best practice by the World Bank, this project will be expanded across Afghanistan.
- ✓ CIDA is supporting FEDECOVERA, a federation of 36 cooperatives and 33 groups of small farmers in Guatemala. Canadian funding will help the federation expand its production and exports. It will also help increase the income and living standards of the 140,000 family

members in the co-operatives. In 2007–2008, FEDECOVERA's export capacity reached 300 million tonnes. This was an impressive 650-percent increase from the previous year. This increase raised family incomes 10–20 percent.

CIDA's private sector investments were $545million in 2007–2008, or 19 percent of total CIDA aid funding, an increase of $69 million compared to the previous year. Agriculture remained the single largest investment for CIDA within this sector, in which $193 million was invested in 2007–2008.

Primary education completion rate – 2000 and 2005



Source: World Bank indicators

Education – In the last six years, developing countries have made progress toward achieving the education MDGs. Primary school enrolment has increased and spectacular advances were made in regions with the lowest enrolment (particularly in sub-Saharan Africa). Also, more girls are in school than ever before. Since 2000, the number of out-of-school children has decreased by more than 25 million. As well, both foreign and domestic spending for basic education has increased.

However, challenges remain in terms of quality and quantity. Some 72 million children are not in primary school, and 774 million adults are illiterate worldwide. Children who are out of school or drop out are most likely to come from poor households. Girls are still excluded from education more often than boys, a pattern that is particularly evident in Western and Southern Asia.

Improving the quality of, and access to, education

- ✓ The multi-donor and World Bank-funded Education Quality Improvement Project (EQUIP) in Afghanistan supports activities that strengthen the capacity of schools and communities to manage teaching and learning activities, placing a special emphasis on the promotion of education for girls. In 2007, Canada announced a contribution of $60 million over four years for this project, and a portion of this will fund the rehabilitation, expansion and/or construction of more than 50 schools and training for more than 3,000 teachers in the province of Kandahar.
- ✓ Under Tanzania's Primary Education Development Plan, gender, HIV/AIDS, and environmental education are integrated into the country's education system. Primary education results are positive: more than 45,000 new teachers have been recruited and the national enrolment rate has risen by 15 percent (now at 96 percent). Between 2003 and 2007, CIDA contributed more than $70 million to Tanzania's education plan.
- ✓ Since 2001, CIDA has invested more than $6.4 million dollars in improving the quality of education in Haiti's Artibonite region. This has included providing training to 1,000 teachers in more than 130 schools, benefiting more than 40,000 students.

CIDA paid out $290 million, or 10 percent of its total aid spending, on basic education in 2007–2008, an increase of more than $30 million compared to the previous year. Through the G8, Canada committed to increasing funding for basic education in Africa

from $100 million to $150 million annually by 2010–2011. With $150 million going to Africa in 2007–2008, Canada is on track to meeting its G8 commitment.

Environmental sustainability – Lasting poverty reduction depends on a healthy environment. Population growth, climate change, pollution, extreme weather events, and mismanagement of natural resources are placing the people, productive assets, and physical infrastructure of developing countries at risk. The quality and integrity of the environment and natural resource base in developing countries underpin all of the MDGs, which is why environmental sustainability is both a priority sector and a theme to be integrated across all sectors at CIDA.

Despite its importance, progress towards environmental sustainability has been uneven. While access to water has improved in Latin America and Asia, the goal to reverse deforestation has made little progress globally and has in fact worsened in many of the most biodiverse areas. Environment and resource degradation continues relatively unabated in Oceania, Latin America, and sub-Saharan Africa.

CIDA aims to enhance environmental and natural resource management in developing countries, and to contribute to global solutions. CIDA uses environmental assessment to help ensure the integration of environmental considerations into all of its programming. The Agency also supports environmental projects, such as reforestation and biodiversity restoration.

Contributing to global solutions

- ✓ CIDA was awarded the 2008 International Award of the International Association for Impact Assessment in recognition of its excellence in environmental impact assessment and for its continued support of environmentally sustainable projects.
- ✓ In Ghana, more than 1.6 million people in the driest and poorest northern regions have received reliable access to potable water because of CIDA's efforts in strengthening local capacity to manage potable water and sanitation resources.
- ✓ Phase I of the $8.1 million Canada-Iraq Marshlands Initiative resulted in the establishment of a nationwide university network of environmental scientists to monitor the rehabilitation of the Marshlands; training of scientists to improve their ability to analyse and disseminate valid ecological data on the status of the Iraqi Marshes; and the formation of the Coordinating Body for the Iraqi Marshlands. Canada also supported the Government of Iraq in its accession to the International Convention on Wetlands.CIDA was one of three federal departments to earn top marks from the Commissioner of the Environment and Sustainable Development on its progress in implementing strategic environmental assessment.
- ✓ The Global Environment Fund has achieved positive environmental benefits in biodiversity, climate change, international waters, and ozone depletion. During 2007–2008, Canada renewed its commitment to this fund through to 2011.

In 2007–2008, CIDA invested $134 million in environmental programs, an increase of almost $10 million compared to the previous year.

Equality between women and men – Progress made toward equality between women and men in developing countries is mixed. In 2007, the number of women in national parliaments rose to 22 percent in developing countries. This is better than the world average of 18 percent. Women's participation in non-agricultural wage employment in developing countries has been increasing slowly; however, women still make up 60 percent of unpaid workers. More girls are in school than ever before; however, girls still comprise the majority (57 percent) of children who are not enrolled in school. The HIV/AIDS epidemic continues to affect more women than men. As well, an increasing number of married women are being infected, along with girls and young women. More international assistance is needed to improve this situation.

Achieving results for equality between women and men

- ✓ In Pakistan, CIDA's support enabled policy makers, law enforcement officials, civil society, international organizations, researchers, and the media to come together to combat human trafficking. This practice mostly affects women. As a result, the ministries involved in regulating trafficking made changes to their policies and increased their capacities to protect the human rights of women and girls.
- ✓ In Egypt, a CIDA project found that girls were not getting the same opportunities as the boys to technical education, limiting their ability to get a job later on in life. The girls identified computer skills as key to fostering their career development. To build the girls' software design skills, computer training was provided using an innovative and interactive method: designing a computer game. This method helped to overcome community resistance to girls' participation in this project, and brought girls together with boys to achieve a common goal.
- ✓ CIDA's funding to the United Nations Development Programme (UNDP) has helped establish gender equality in its programming. A significant amount of UNDP programming in 2007 strengthened women's leadership abilities, particularly those of women parliamentarians and representatives elected at the local level.

B) Progress made toward democratic governance

Democratic governance is one of the keys to building states that are effective and accountable, promote the rule of law, and allow people to realize their human rights. It is widely recognized that progress on democratic governance is critical to providing an enabling environment to poverty reduction, as well as for creating the factors that will enable the achievement of the MDGs. Promoting democratic governance helps ensure Canada's security and prosperity in a world of closely connected states.

Although there has been an overall increase in the quality of governance between 2000 and 2006, progress in particular areas of governance has been uneven throughout the world. For instance:

- The extent that citizens have freedom of expression and association has increased slightly over recent years, except for South Asia, East Asia, and the Middle East.
- Across all regions, progress has been made toward achieving political stability. Conflicts in low-income countries have decreased.
- Despite mixed progress in government effectiveness in East Asia in recent years, the level of public sector performance in sub-Saharan Africa, the Middle East, and North Africa has consistently improved since 2004.

- The number of women in parliaments has increased across all regions, except for sub-Saharan Africa.
- There have been general improvements in applying the rule of law in many regions, except in East Asia and Latin America.
- Despite increased attention to corruption issues, corruption is increasing worldwide.

CIDA's promotion of democratic governance

- ✓ Through its support to the Office of the Ombudsperson in Peru, CIDA has contributed to government accountability making the Peruvian population aware of their rights and providing a place for filing complaints. More than 140,000 human rights violations have been reviewed since 2004 and in 2007, 82 percent of the cases reported to the Ombudsman were resolved in favour of the applicant. In addition, Canada helped to restore legal identity documents to 19,000 people in rural areas who were affected by the preceding decade of violence. Having these documents guarantees their entitlements as citizens, including access to social services.
- ✓ A successful 10-year program of support to Mali's Ministry of the Economy and Finance has enabled the central Ministry to generate tax revenues, more than doubling tax collection from $400 million in 1997 to $950 million by the end of the project, and making Mali's fiscal administration a positive model in West Africa. In addition, CIDA supported the establishment of the Office of the Auditor General (OAG), the first of its kind in Francophone West Africa. The OAG's second annual report was published in 2007, and the Government of Mali has shown strong resolve in implementing its recommendations and a continuing commitment to fight corruption. Following an independent study, the Prime Minister of Mali concluded that up to 90 percent of the recommendations of this report have been implemented.
- ✓ CIDA continued to support the Haitian authorities in modernizing the justice system. To this end, CIDA has contributed to the development of legislation enabling the creation of the Great Council on Judicial Power, which has the mandate to strengthen the regulatory, planning and coordination role of the Ministry of Justice. Support to the Ministry of Justice has enabled the recompilation of all Haitian legislation in effect since 1804 and the distribution of Cd-Roms containing these laws to judges, parliamentarians, ministries and students. Support to the establishment of the Judicial School and the development of a training curriculum contributed to strengthen knowledge for more than 70 judges in 2008. In addition, the Penal and Rural Codes have been reedited, published and distributed, becoming more accessible to the Haitian population. As a result, around 1,000 people attended workshops and conferences on human rights, and more than 330 representatives from 60 civil society organizations strengthened their capacity to ensure better human rights promotion.
- ✓ CIDA funded the South Asia regional project on Gender Equality in Judicial Education in Bangladesh, India, Nepal, Pakistan and Sri Lanka. This initiative provided training to 450 judges mainly from superior courts, and allowed trained judges in Nepal to bring landmark cases to that country's Supreme Court concerning marital rape and children's rights. The impact of this training is evident in changes in judicial decision-making with regard to gender-biased violence in participating countries. A handbook produced under this project includes these cases and was distributed to judges in the aforementioned countries. This program resulted in judgments that refer to and reflect international human rights standards.

Democratic governance is a cornerstone of Canada's international assistance and an important foreign policy priority. It represents $600 million, or 21 percent of CIDA's total funding for 2007–2008, as compared to 17 percent in the previous year. This includes $185 million for democratization, $58 million for human rights, $324 million for public sector capacity building, and $34 million for rule of law.

C) Progress made toward departmental priorities

CIDA's 2007–2008 *Report on Plans and Priorities* presented eight key deliverables (as listed below) that support the following four departmental priorities:

- increased strategic focus of programming;
- strengthened program delivery;
- effective use of the Agency's resources; and
- clear accountability for results.

In line with Treasury Board Secretariat requirements, CIDA provides a self-assessed rating for each deliverable.

Priority 1: Increased strategic focus of programming

Deliverable 1 – Target resources in critical countries and regions.
Met – CIDA continued to make progress in bringing greater focus to its bilateral aid. Bilateral spending further increased from 78 percent in the top 20 countries in 2006–2007 to 81 percent in 2007–2008. Reaching consensus on geographic concentration was achieved. This will allow long-term financial commitments to be made.

- ✓ In Afghanistan, Canada made its largest single-year aid investment to any one country. It has also made international aid effectiveness and coordination a key priority in that country. More details are provided in a report card in Section 2.
- ✓ Haiti is CIDA's second-largest country program in 2007–2008. CIDA continued to participate in Canada's overall efforts to deal with fragility and promote security and stability in the country. CIDA's Haiti program helps reaffirm Canada's re-engagement in the Americas. Canada has increased funding for Haiti from $520 million to $555 million for 2006–2011. More details are provided in a report card in Section 2.
- ✓ In Latin America and the Caribbean, CIDA strengthened its support for the Government of Canada's re-engagement efforts in the Americas. CIDA developed a Caribbean Programming Framework under which a $600-million program covering the next 10 years will operate. More details are provided in a report card in Section 2.
- ✓ In Africa, CIDA's investment in education has contributed, along with other donors, to 14 sub-Saharan countries reaching gender parity in basic education.
- ✓ The Canada Fund for Africa, which ended on March 31, 2008, was a unique tool that helped African countries achieve sustainable growth and development.

Deliverable 2 – Focus on high-impact sectors by increasing the emphasis on democratic governance and on the rights and equality of women.
Met – CIDA continued to emphasize democratic governance and equality between women and men in its programming, partnerships, and policies. In CIDA's country programs and in its partnerships with Canadian, international, and multilateral organizations, democratic governance is a priority sector and gender equality is a cross-cutting theme.

- ✓ For more than three decades, equality between women and men has been a core commitment of CIDA's development programming. CIDA has a well-established reputation among donors, developing-country governments, and other partners as an influential and effective voice for integrating gender equality.
- ✓ CIDA integrates equality between women and men into its programming, but in some cases, integrated programming alone is insufficient to achieve results. In these cases, CIDA uses programming that specifically focuses on gender equality to ensure results are achieved. CIDA continuously strives to improve how well its programs and those of its partners address gender equality.
- ✓ Since 2006, CIDA has strengthened its knowledge and expertise in democratic governance in order to promote innovative and effective democratic governance programming across the Agency, and to act as a focal point for Canadian and international partners and experts whose work focuses on democratic governance.
- ✓ CIDA has ensured that democratic governance remains a key element of CIDA's approach to bilateral programming, particularly in countries of concentration and in fragile states. Democratic governance is also a major focus of CIDA's partnership programming with civil society, the private sector, and multilateral and international organizations, which enables a well-rounded approach to achieving results in democratic governance.

Priority 2: Strengthened program delivery

Deliverable 3 – Recognize the role of civil society in aid effectiveness.
Met – As Chair of the OECD-DAC Advisory Group on Civil Society and Aid Effectiveness, CIDA led an extensive consultation process that fostered the further recognition of civil society's role in aid effectiveness.

- ✓ The advisory group consulted 2,000 stakeholders from 90 countries and produced a number of analytical papers. In February 2008, an international forum was held in Gatineau, Quebec that brought together 208 key representatives from the donor, partner government, and civil society communities. The report on the forum's findings and recommendations has been endorsed by the OECD's working party on aid effectiveness. It was tabled at the Third High Level Forum on Aid Effectiveness, held in Accra, Ghana, on September 2–4, 2008.
- ✓ As a result of these efforts, the international community's understanding of aid effectiveness has been enriched. The various roles played by civil society organizations (CSOs) are now better appreciated. How various stakeholders can best complement each other is also better understood. CSOs around the world are now

more aware of the need for concerted action to improve their effectiveness, and they are organizing themselves for further work.

Deliverable 4 – Renew and strengthen CIDA's partnerships with Canadian partners.
Met – In consultation with key Canadian partners, CIDA continued its review exercise in seeking increased efficiency, accountability, and transparency.

- ✓ A series of crucial principles and potential programs have been identified to guide the Agency and its partners toward more effective development results. Examples of such principles and programs include recognizing the crucial role of non-state participants in development, adopting a more strategic approach to partnership programming, and supporting the leadership of Southern civil society and private sector organizations.
- ✓ The review exercise has been taken into account in CIDA's emerging, integrated approach to civil society and aid effectiveness.

Deliverable 5 – Assess the effectiveness and relevance of key multilateral institutions and develop an investment strategy.
Partially met – During 2007–2008, CIDA continued to improve its assessments of key multilateral partners; however, efforts to develop an investment strategy are ongoing, partly due to the challenges posed by the number and diversity of multilateral organizations.

- ✓ In 2007–2008, multilateral effectiveness and relevance assessment (MERA) findings were used in developing CIDA's strategies for helping multilateral partners improve their management effectiveness. MERA is being refined to enhance the quality of information collected.
- ✓ Canada participated in the 2007 Multilateral Organisations Performance Assessment Network (MOPAN) survey.[6] This survey covered the African Development Bank, the UNDP, and the World Health Organization (WHO). These organizations found the survey findings to be positive and useful in enhancing the impact of their operations at the country level.
- ✓ Canada, with other MOPAN members, was involved in developing a stronger approach to assessing the effectiveness of multilateral organizations. This approach is expected to increase the scope, quality, and reliability of information, enhance the harmonization of donors' efforts, and reduce the costs of doing business among donors and multilateral organizations.

[6] Further details on this survey can be found at http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/JOS-212111758-M5A?OpenDocument.

Priority 3: Effective use of the Agency's resources

Deliverables 6 and 7 – Invest in a sustainable workforce; support public service renewal.
Met – CIDA continued to implement the *Public Service Modernization Act* (PSMA). CIDA met its commitments on the four priority areas of the Public Service Renewal Action Plan: planning, recruitment, employee development, and enabling infrastructure.

- ✓ Planning – Conducted the first corporate planning exercise to identify Agency-wide human resources management priorities.
- ✓ Recruitment – Exceeded the 57 projected post-secondary indeterminate appointments by making 76 appointments. The Agency also adopted an approach to fostering talent in the executive group and the pool of future executives. Discussions on performance, learning, career development, and succession are integrated into the approach.
- ✓ Employee development – Piloted parts of the new Development Officer Learning Program and Leadership Learning Program. The Agency surpassed the expected rate of employees who completed learning plans of 90 percent by reaching a 93-percent rate.
- ✓ Enabling infrastructure – Enhanced systems to meet the PSMA's implementation requirements. The capacity of its human resources management function was stabilized.

In addition, the strategic review conducted in 2007–2008 allowed CIDA to do further work on aid effectiveness and on increasing focus, efficiency and results by identifying opportunities to reallocate 5 percent of CIDA's budget from lower-priority programming and countries to higher-priority initiatives. Reallocations will be implemented over three years.

Priority 4: Clear accountability for results

Deliverable 8 – Implement the *Federal Accountability Act* Action Plan.
Met – CIDA was actively engaged in the government's plan in response to the Blue Ribbon Panel Report on grant and contribution programs. The Agency also worked to strengthen accountability-related functions, as described below.

- ✓ A Chief Financial Officer (CFO) organizational structure and an implementation plan were developed, including an analysis of roles and responsibilities, in line with Treasury Board directives and financial policies. The outcomes of these efforts will be translated into a CFO organization in 2008–2009.
- ✓ The Office of the Chief Audit Executive, reporting directly to the President, was created on April 1, 2007.
- ✓ CIDA is completing the recruitment of external members for its Audit Committee to ensure the committee's independence.

- ✓ A readiness assessment of the Agency's system of financial controls was undertaken to examine the current state of its financial statements in preparation for audited financial statements as part of the implementation of the CFO model.
- ✓ A complete update of the Corporate Risk Profile was conducted and tested.
- ✓ The Agency worked closely with the Treasury Board Secretariat to develop Performance Measurement Frameworks at the sub-activity level (for example, country programs).
- ✓ CIDA measured its progress against aid effectiveness principles in the context of the 2008 OECD survey on implementing the Paris Declaration. It has developed a three-year action plan.
- ✓ CIDA developed an action plan following its active engagement on the government's plan in response to the Blue Ribbon Panel Report on grant and contribution programs to streamline business procedures and reduce administrative burden.

STRATEGIC OUTCOME	SELECTED PERFORMANCE INDICATORS
Sustained support and informed action by Canadians in international development	• Level of public support • Level of awareness, support and engagement related to Canada's development program

This outcome reflects the Agency's intention to support a more active and participatory role for Canadians in international development. Public support is crucial in delivering Canada's development assistance program, and this support relies on the understanding of development challenges that persist in many countries. Consequently, CIDA's communications and engagement activities are focused on informing, educating and engaging Canadians on a broad range of international development issues. In 2007–2008, CIDA reached 52,000 Canadians under the Public Engagement Fund. This number exceeded the original target of reaching a minimum of 10,000 Canadians.

CIDA also co-invests in Canadian partners' awareness and outreach activities, and in their programs offering Canadian opportunities for participation in international development. The Office of Democratic Governance programs aim to enhance Canada's aid effectiveness by establishing partnerships with key Canadian experts, organizations, institutions and other government departments whose work focuses on democratic governance. As such, in 2007–2008, Canada contributed expertise in democratic governance through 84 Canadian election observers. A new method was launched to provide just-in-time democratic governance technical assistance.

CIDA's Afghanistan Task Force: Communicating the mission

- ✓ Since April 2007, CIDA participated in more than 100 local events across the country.
- ✓ There are 30 Canadian NGOs now participating with CIDA in communicating on Afghan aid and development.
- ✓ The Rebuilding Afghanistan photo exhibition has reached more than 23 cities and 18,000 Canadians.
- ✓ CIDA also contributed to the government's website on Afghanistan (10,000 hits were received in May 2008, of which 70 percent were new visitors).

SECTION 2: ANALYSIS OF PROGRAM ACTIVITIES

CIDA is reporting for the first time against the Program Activity Architecture approved by Treasury Board for 2007–2008.

The Round V Management Accountability Framework (MAF) assessment for 2007–2008 recommended that CIDA increase the discussions on plans and performance at the program activity level. This recommendation will strengthen the link between resources and results and will demonstrate reporting on a Management, Resources and Results Structure (MRRS) basis. Consequently, our goal in this section is to discuss the progress program activities have made toward their expected results as identified in the MRRS and *Report on Plans and Priorities* (RPP) for 2008–2009. As well, selected report cards that represent a cross-section of our programming and demonstrate the progress made are included in this section.

Please note that reporting against priority commitments made in Section II of the 2007-2008 RPP is provided in Section 1, 1.5.

2.1 Countries of concentration

Program activity description
This program activity involves engaging in long-term development assistance programming in countries of concentration to enhance their capacity to achieve development goals. Such programming involves direct contact between CIDA and recipient countries. It is developed through consultation and cooperation with partners internationally, in Canada, and in these countries. Initiatives include various country programs, projects, development activities as well as policy dialogue.

Actual full-time equivalents for 2007-2008	Actual spending for 2007-2008
283	$758,885,648

Financial information: In 2007–2008, spending for this program activity totalled $758.9 million or 23.6 percent of the Agency's overall expenditures. Of this amount, $718.2 million was for net program expenditures and $40.7 million was allocated to this program activity for corporate services.

Performance Overview

Conclusion against the expected result: The Government of Canada has pledged to make international development assistance more focused and effective. As a part of this objective, CIDA has increasingly focused on specific countries around the world. These countries were chosen as places where Canadian efforts can have the greatest impact. CIDA's countries of concentration have a wide range of development needs and national capacities. Although they are all trying to achieve the MDGs by 2015, not all of these countries will be able to meet them in their entirety. Despite this reality, progress towards a number of the MDGs is still being made in the countries of concentration.[7]

Expected result: Enhanced capacity of countries of concentration to achieve development goals
Selected performance indicators • Progress toward the MDGs • Level of democratic governance • Existence of an effective government poverty reduction strategy, reflected in budgeting decisions and long-term resource framework • Alignment of CIDA country strategies and institutional support to the country's national development plan

Developing countries identify their development goals often in line with the MDGs. To deliver its mandate, CIDA works to enable these countries to achieve the development goals they have set for themselves.

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[7] This conclusion is based on a number of key poverty indicators and MDG progress reports, such as the UNDP Monitor at http://www.mdgmonitor.org/index.cfm

In recent years, including 2007–2008, the countries of concentration have made significant progress in the education sector. Many are expecting to achieve universal primary education and gender parity in education. They have achieved this progress by coordinating and developing aid-effective strategies that build their country's capacity to deliver relevant, quality education. These strategies include increasing the use of broad education approaches at the country level under single national strategies. CIDA's support of the education sector in Senegal, for example, has contributed to the remarkable progress in the gross primary school enrolment rate. It has increased from 64 percent in 2001 to over 80 percent in 2006. CIDA's support was also a factor in the increasing percentage of girls who are being enrolled in school — an increase from 64 percent in 2001 to 79 percent in 2006. CIDA provided $20 million in 2007 to these efforts.

In Honduras, CIDA supports the Education for All pooled fund with other donors. Results include:

- coverage of pre-basic education has greatly increased, rising to 54 percent in 2007 from 39 percent in 2005;
- 72 rural school networks have been formed;
- primary completion rate is up to 89 percent in 2006 from 82 percent in 2005; and
- a primary repetition rate is down to 7 percent in 2006 from 9 percent in 2005.

CIDA is contributing $20 million from 2005 to 2011 to this fund.

Despite this progress, commonly found challenges persist in the education sector in many of the countries of concentration. The challenges include dealing with the needs of the many children who are still out of school and illiterate adults, such as those with HIV/AIDS, who often can become marginalized. Access, quality of education, and retention of all students are still challenges, especially girls. CIDA deals with these challenges through programs and activities such as in Vietnam where Canada provides program-based support to the Ministry of Education and Training. The ministry is implementing the National Education for All Action Plan, which supports education for disadvantaged children.

Health is another priority sector for CIDA in the countries of concentration. There has been progress in some key areas of this sector. For many of the countries of concentration, infant mortality rates have improved. Progress in this area depends on, among other factors, improved and more accessible training for health care workers. Recognizing this, CIDA has supported such projects as Zonal Roll-out of Essential Health Interventions in Tanzania. Through this program, training on essential health interventions and health management has been provided to health care professionals and a number of regional and council health management teams across the country. As well, health management systems and monitoring have been improved. As a result, better and more accessible health care for pregnant women and infants is available in Tanzania.

By contrast, maternal mortality (deaths of mothers) rates in most of the countries of concentration have generally stayed the same. As a result, more effort and more effective programs in this area are expected to result in future progress. For example, CIDA

supports the International Centre for Diarrhoeal Diseases Research Centre in Bangladesh (ICDDR, B), which conducts research on public health issues and provides health services to the poor. During 2007–2008, 15 new research findings were incorporated into ICDDR, B's service delivery program. One finding led to introducing a drug called Misoprostol that prevents post-partum haemorrhage among women who have deliveries in their homes. Home deliveries account for 85 percent of deliveries in Bangladesh.

Good governance helps provide an enabling environment for poverty reduction and supports effective development assistance. Recognizing this, CIDA supports democratic governance across the countries of concentration in various ways. Varying levels of progress are evident. Most of these countries have national poverty reduction strategies in place. As well, most of these countries are working to improve their institutional frameworks with the help of donors such as Canada. In Ethiopia, CIDA and other donors support the government's comprehensive Public Sector Capacity Building Program. At mid-term (which was in 2007–2008), the program had already improved public sector capability to plan and implement development projects, raise and manage public resources, and encourage communities into making contributions to, for example, building schools and health centres.

A healthy environment is one of the key factors that support progress in all other development issues across CIDA's countries of concentration. CIDA has provided $10 million in support of the development of Integrated Water Resource Management plans for five African countries of concentration to guide their national sustainable development and poverty reduction initiatives. In Indonesia, CIDA's Strengthening the Outreach and Education Network for Natural Resource Governance Project has been helping to create the necessary conditions that enable stakeholders to have open dialogue and develop democratic processes toward sustainable natural resource management, policies and practices. Through this work, 100 participating institutions, agencies and community organizations and more than 22 media organizations have drastically increased the quantity and quality of fact-based information on natural resource governance issues, reaching hundreds of thousands of people.

The countries of concentration face a number of common challenges. An overall challenge is the weakness of, or in some cases lack of, capacity of the country's systems and institutions. This weakness is often seen when implementing their development strategies. This is especially seen at the lower levels of government in the many countries undergoing governmental decentralization. Similarly, civil society organizations in partner countries often lack the capacity, experience and access to reliable funding to partner effectively with government institutions. Another aspect of this challenge is the difficulty within the countries to identify key partners, both governmental and non-governmental, who have the willingness as well as the capacity to promote change.

An additional challenge to reducing poverty in the countries of concentration is that the gains in many of these countries still fragile. As a result, the effects of the rising prices of food and fuel, or the HIV/AIDS pandemic, threaten to push many people back into extreme poverty.

Responding to these challenges, Canada is providing value-added support to these countries. Canada is recognized for its expertise in results-based management, gender equality, and enabling civil society to gain a voice and participate actively in policy debates and overall development. CIDA is also using program-based approaches, pooled funds, and joint assistance strategies in order to make aid more effective in the countries of concentration. As a result, Canada has been able to take a "seat at the table" in many of these countries, to further influence and encourage their continuing progress and development.

Following are three report cards (Mali, Pakistan, Ukraine) to further demonstrate the contribution of this program activity to the objectives of the Canadian aid program.

Mali

At a glance...

Population	12.0 million
Area (km²)	1,220,190
Population density (2004)	9.91/km2
GNI per capita (Atlas method)	US$460
Life expectancy (2006)	54
Aid per capita	US$69
Human development index (2007)	173rd out of 177
Corruption perceptions ranking (2007)	118th out of 179

Unless indicated, all data is from 2005.

Sources: World Bank, World Development Indicators On-line (August 2008) and Transparency International Corruption Perceptions Index 2007

Canadian development assistance to Mali

Mali and Canada have maintained bilateral relations since 1972. CIDA's program has increased its spending from $20 million in 2002-2003 to nearly $60 million in 2007-2008.

Commitment to aid effectiveness

In the spirit of the Paris Declaration on Aid Effectiveness, and at the request of the Government of Mali, technical and financial partners have renewed efforts to coordinate aid and harmonize the process. Development of a Joint Country Support Strategy (JCSS) has been underway since 2007–2008. Canada is actively involved in it. It also aims to have each partner focus on a sector where its individual expertise and other advantages will be most useful. The JCSS will be implemented gradually by 2011.

Context

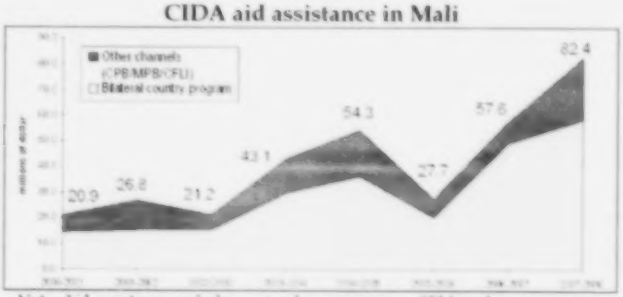
Mali is one of the world's 10 poorest countries. The Human Development Report 2007, published by the UNDP, ranks Mali 173rd out of 177 countries. Nearly 91 percent of the people of Mali live on less than $2 a day, 81 percent of the adult population is illiterate, and life expectancy in 2006 was 54. Mali has made definite progress in health and education. The poverty rate has decreased by 8 percent in five years (except in rural areas, which lag behind). With one of the highest population growth rates in sub-Saharan Africa (3 percent), Mali continues to face the challenge of increasing economic growth while promoting its equitable distribution.

Key poverty indicators

	Previous	Most recent
Percent of population living on less than $1 per day	72.3 (1994)	36.1 (2003)
Mortality of children under five per 1,000 live births	224 (2000)	217 (2006)
Percent of children enrolled in primary education	46 (2001)	61 (2006)
Percent of seats held by women in national parliament	2 (1997)	10 (2007)
Percent of population with access to improved drinking water	34 (1990)	50 (2004)
Percent of malnourished children under 5, weight for age)	38 (1996)	30 (2001)
Maternal mortality ratio per 100,000 live births	-	970 (2005)

Sources: World Bank, World Development Indicators On-line and UN Stats

CIDA aid assistance in Mali



Note: Aid assistance excludes regional programming, CFLI, and programming through CPB, MPB and other branches.

Focusing on results

Health: Financial support, through Mali's Health and Social Development Program, focuses on regional health directorates in Mali's poorest regions (Kayes and Nord-Mali). In the Kayes region, for example, between 2006 and 2007, prenatal consultations increased from 75 percent to 80 percent. Childbirth assisted by health professionals increased from 43 percent to 50 percent. Canada's technical assistance has made it possible to strengthen local institutions and to involve

more locally concerned people and groups, especially women, in developing the regional health operational plan.

Education: Canada has provided the basis for establishing the principles of local (decentralized) school management. Canada's support also helped define and apply an innovative policy for procuring and managing textbooks in Mali. In 2007–2008, the textbook-to-pupil ratio in junior primary school French and mathematics had improved from 1.2 in 2002-2003 to 1.7 in 2006-2007.

Private-sector development: For many years, Canada has contributed to improving food security in Mali. In 2007–2008, its contribution made it possible to replenish Mali's national food security stock. Canada's contribution played a major role in improving the grain procurement procedures of the *Office des produits agricoles du Mali* (OPAM). Canada has also helped OPAM manage grain supplies better by automating its management practices. Now real-time information is available concerning all central and regional supplies.

Success story

What tool can help improve learning in school, lay the foundations for a national industry, and be a catalyst for a change in how people think … all at the same time? A textbook. Since 1999, Canada has supported the Government of Mali's strategy to provide primary-school pupils with textbooks, while developing a national textbook industry. Canada's support raised the textbook-to-pupil ratio in primary-school classes from one textbook for two pupils in 2002, to two textbooks per pupil in 2006. Canada's support also helped develop and professionalize public and private sector participants that are involved in the textbook industry. This also helped create hundreds of jobs. Through a Canadian support agency, textbook content was revised. Authors, illustrators, graphic artists, computer graphics designers, printers, and publishers were trained. Distributors were also involved. Mali's ownership of the textbook industry lowered the cost of textbooks, putting them within the reach of children from poor communities. Thanks to Canada's assistance, schoolchildren in Mali have access to high-quality books. These books reflect their reality and their culture. They also deal with concerns relating to gender equality, equity, integration of persons with disabilities, respect for human rights, and peace. These textbooks convey fairer and more equitable social values. They are an important agent of social change.

Organizing grain marketing by small producers this year has produced good results. The results include greater ownership of the collective marketing system by the agricultural cooperative's members. This is combined with a greater integration of women. For example, support for women members in the agricultural cooperative has helped them increase their income by learning to use better techniques for producing and conserving shallots.

Governance: Canada is recognized for its strong commitment to supporting the rule of law in Mali and combating corruption. We were the first among partners to support justice reform. As well, we attracted others to this sector. Through a support fund for women, CIDA helped raise the number of candidates in the legislative elections from 100 in 2002 to 200 in 2007. Canada also provided key support to the Directorate General of Taxation that has enabled it to exceed its revenue forecast by more than 6 percent. An internal evaluation[8] found out that, in large part due to Canada's support to the Government of Mali, internal revenue increased from 61 percent of total revenue in 1996 to 72 percent in 2005.

Gender Equality: CIDA played a vital role in promoting equality between women and men by encouraging Mali to bring gender issues strongly into the new Growth and Poverty Reduction Strategy Paper (2007–2011).

[8] Evaluation available at http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/NAT-2672821-GMT

Pakistan

At a glance...

Population	159.0 million
Area (km²) (2005)	770,880 km²
GNI per capita	US$800
Population density	206/km²
Life expectancy	65 years
Aid per capita	US$14
Human development index (2007)	136th (out of 177)
Corruption perceptions index	138th (out of 179)

Unless indicated, all data is from 2006.
Sources: World Bank, World Development Indicators On-line (August 2008) and Transparency International Corruption Perceptions Index 2007

Canadian development assistance to Pakistan

Canada's aid to Pakistan dates back to the Colombo Plan in the 1950s. In the early years, CIDA helped build economic foundations and increase agricultural production. Over the past decade, the assistance program has focused on strengthening governance, improving gender equality, and building partnerships in key areas such as human and social development. In recent years, CIDA has also been helping rebuild parts of northern Pakistan devastated by the massive earthquake of October 2005 ($29.2 million in total as of March 2008). Canada has also invested in community development in districts along the Pakistan–Afghanistan border.

Commitment to aid effectiveness

CIDA's approach in Pakistan stresses the Agency's commitment to aid effectiveness. This includes increasing the focus of CIDA activities on fewer sectors, more active policy dialogue, and improved coordination with other donors to support Pakistan's development needs and priorities. The Agency's investments are coordinated directly with Pakistan's most recent Poverty Reduction Strategy (2003).

Context

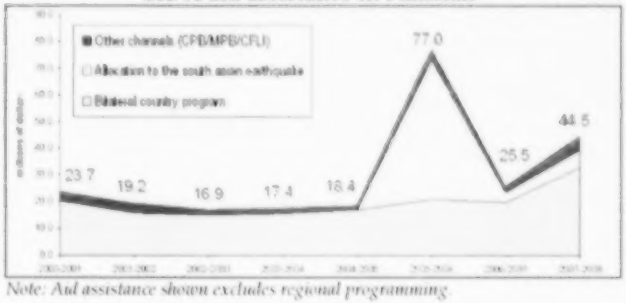
The development challenges facing Pakistan – social, economic, and political – are immense. The destabilizing effects to the security of many countries have increased pressures within the country. Pakistan still struggles with high rates of infant, child, and maternal deaths. Forty-six million people, or 29 percent of the population, live below the official poverty line. As well, 17 percent of the population earns less than $1 per day. Only 52 percent of the adult population can read. Primary school dropout rates are 44 percent for boys and 65 percent for girls. Few children go on to secondary school. Recent strong economic growth provides the opportunity for Pakistan to reduce poverty and improve social development indicators.

Key poverty indicators

	Previous	Most recent
Percent of population living with less than $1 per day	13 (1999)	17 (2002)
Mortality of children under five per 1,000 live births	130 (1990)	97 (2006)
Percent of children enrolled in primary education	33 (1991)	66 (2006)
Percent of seats held by women in national parliament	10 (1990)	21 (2006)
Percent of population with access to improved drinking water	83 (1990)	91 (2005)
Percent of malnourished children under five years of age	39 (1991)	31 (2001)
Maternal mortality ratio per 100,000 live births	-	320 (2005)

Sources: World Bank, World Development Indicators On-line and UN Stats

CIDA aid assistance in Pakistan



Note: Aid assistance shown excludes regional programming.

Success story

CIDA's Primary Education Support Program funds UNICEF and contributes directly to improving girls' education in two provinces of Pakistan. The project currently supports 922 primary schools for girls in six districts of Balochistan with an enrolment of 82,353. In five districts of North-West Frontier Province (NWFP), 270,000 girls in 1,425 schools are also supported through a number of programs to meet the increased demand for girls' education. In NWFP, 416 teachers in 200 schools in four districts received transportation to and from school, which allowed 34 closed girls' schools to reopen. Furthermore, the project supported establishing 281 community feeder schools in communities where no government schools previously existed. The new schools accommodated an additional 22,000 girls who were previously not enrolled. In addition, 221 girls and 175 boys enrolled in 14 newly created middle schools. Physical and structural enhancements made in most project schools make them more safe and feasible for girls to attend. These enhancements included building latrines, providing drinking water, building boundary walls, and fixing or building classrooms. This project has made notable progress towards enrolling more girls in primary schools and providing them with an education. Continued efforts will ensure that CIDA and UNICEF make progress towards closing the gender gap in primary education in Pakistan.

Focusing on results

Local governance: Since 2001, Canada has supported Pakistan's local governance reforms by encouraging more effective local democratic practices. Results in 2007–2008 included developing a professional training curriculum for local government officials in the Punjab province. This program reached 28,566 men and 14,803 women across the province. As well, public information boards were established in the North-West Frontier Province that enabled men and women to assess how elected representatives dealt with development priorities. In addition, Canada's efforts have led to more women participating in local government and civil society.

Basic education: Canada's support to basic education in Pakistan aims to improve the education system by supporting teacher training and girls' education. Implementation continues on a $117 million debt conversion. Under this, the Government of Pakistan will invest about $25 million annually for five years to improve the country's teacher college system. In 2007–2008, CIDA results included strengthened education management systems that track and evaluate teacher training and professional development at the provincial level in Punjab, and increased access for girls to primary education in Balochistan and North-West Frontier Province.

Primary health: CIDA's investment in the health sector includes programs that focus on HIV/AIDS, polio, and improving district-level health care management. For example, because of the tools introduced by the HIV/AIDS Surveillance Project, governments in Pakistan are for the first time able to identify the HIV-affected population, focus on health programs, and track the impact of those programs on HIV/AIDS prevalence rates over time.

Gender equality: CIDA is the leading donor in programs focusing on equality between women and men in Pakistan. It has been a strong supporter of the Pakistani women's movement for more than 15 years. In 2007–2008, Canada supported numerous small programs focusing on issues such as domestic violence, economic empowerment, human trafficking, and human rights. Canadian aid has also ensured that a gender equality perspective is integrated into all earthquake reconstruction programming by providing technical assistance in planning and analysis to the Pakistan Earthquake Reconstruction and Rehabilitation Authority.

Ukraine

At a glance...

Population	46.7 million
Area	579,380 km²
Population density	81/km²
GNI per capita	US$1,940
Life expectancy	68 years
GDP per capita (constant 2000 US$)	US$1037
Aid per capita (2005)	US$10
Human development index (2007)	76th (out of 177)
Corruption perceptions ranking	118th (out of 180)

Unless indicated, all data is from 2006.
Sources: World Bank, World Development Indicators On-line (August 2008) and Transparency International Corruption Perceptions Index 2007

178 countries on the ease of doing business. In response to these challenges, CIDA activities have focused on improving the effectiveness and accountability of public institutions, including the judiciary. It has also focused on increasing the competitiveness of Ukrainian businesses in rural areas, particularly in agriculture, which is seen as an engine of economic growth.

Canadian development assistance to Ukraine

Since 1991, Canada has provided Ukraine with more than $350 million in official development assistance to become its fourth largest donor among DAC members. Over the years, the program narrowed its focus to fewer, larger projects addressing fundamental institutional changes in the sectors of governance and private sector development. In recent years, investments have been averaging about $20 million per year, with the exception of a slight increase in 2004–2005 directly related to CIDA's support

Context

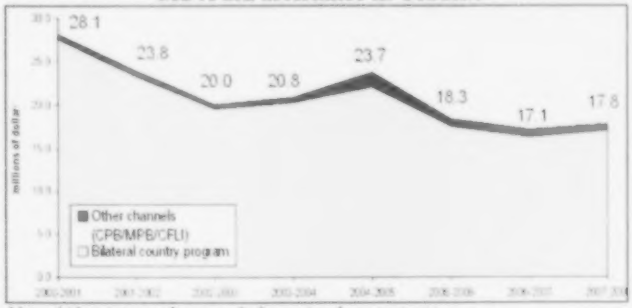
Strategically located between Russia and the West, Ukraine is the second largest country in Europe with some of the world's richest farmland. Rapid economic growth has stimulated a sharp decline in absolute poverty, which fell from 32 percent in 2001 to 8 percent in 2005. However, the gap between the most affluent and the poorest is increasing, particularly in rural areas where 40 percent of the population is unemployed. Despite frequent changes in government and significant political instability, closer integration with Europe and with the world economy is still a priority for all political parties. This is shown in Ukraine's entry into the World Trade Organization (WTO) in April 2008. To join the European Union, implement the WTO agreement, and sustain growth, Ukraine needs to reform public institutions, include all citizens in its growth, tackle weaknesses in governance, and improve its competitiveness. In 2007, Ukraine ranked 139th out of

Key poverty indicators

	Previous	Most recent
Percent of population living on less than $2 per day	2 (1992)	5 (2003)
Life expectancy at birth (in years for women vs men)	75 (women) 66 (men) (1990)	74 (women) 62 (men) (2006)
Survival to age 65 (percent of cohort)	79 (women) 51 (men) (1997)	80 (women) 51 (men) (2006)
Average annual population growth	-0.6 (2000-2006)	-0.8 (2006 and beyond)
Percent of total population living in urban areas	67 (1990)	68 (2006)
Percent of seats held by women in national parliament	4 (1997)	9 (2006)
Time required to start a business (days)	40 (2003)	27 (2007)
Percent of employment in the agriculture sector	23(2000)	19 (2005)

Sources: World Bank, World Development Indicators On-line, World Bank Ukraine Poverty Assessment 2005, and UN Stats

CIDA aid assistance in Ukraine



Note: Aid assistance shown excludes regional programming.

and monitoring of the presidential elections as a result of the peaceful Orange Revolution.

Commitment to aid effectiveness

In the spirit of the Paris Declaration, CIDA has been working to reduce the amount of tied aid and strengthened its field presence. Since 2006, CIDA has actively participated in a joints donor-government working group to support the Ministry of Economy (MOE) to engage more actively with donors and to coordinate their investments in Ukraine, especially in public administration. CIDA partially funded a review of this working group that revealed the need to strengthen the donor coordination capacity of the MOE. CIDA is also active in policy dialogue in the country with other donors and the Government of Ukraine. To achieve more measurable results, CIDA is focusing on five of Ukraine's 27 regions, which are among the poorest in the country and where agriculture is the main economic force.

Success story

Canada has sent election observation missions over the past 10 years to Ukraine. Canada has also been helping Ukraine by funding the Organization for Security and Co-operation in Europe to completely overhaul electoral practices and procedures. These practices and procedures had been hastily put together following the country's independence from the Soviet Union in 1991. As a result of Canada's support, more citizens became aware of their voting rights and responsibilities; electronic voter lists were established throughout the country; and 90,000 election officials were trained. As well, guidelines to promote fair and unbiased media coverage and broader access to media were developed, and 15,000 copies were distributed to media and journalism departments in national universities.

Focusing on results

CIDA supports Ukraine's goal of joining the European Union. Ukraine is equally committed to achieving its MDGs. It recognizes that to reach both goals, it is important to introduce effective job creation and poverty reduction measures.

Governance: CIDA has been successfully supporting Ukraine's transition toward democracy since its independence. Recent CIDA support to improve the effectiveness of public institutions at the local level has improved the ability of six Ukrainian municipalities to respond to citizens' needs. Report cards were used for the first time to assess the satisfaction of citizens with government services and to determine priorities for action. This resulted in reforms in the communal housing sector and modernizing the social assistance system in those localities. Central government institutions also lack strategic planning capability to become more effective. To help establish priorities for effective policy action and strategic planning, Ukraine's socio-economic performance and economic potential was assessed. This review uncovered problem areas in the long-term economic development of Ukraine, such as a severe decline in population growth. This assessment enables policymakers to design appropriate measures to help prevent or counteract the impact of future problems.

Private sector development: CIDA focuses on improving the business climate. A key focus has been drafting new legislation governing agricultural insurance. This type of safety net, which does not exist in Ukraine, will protect at least 50,000 farmers if an environmental disaster strikes. CIDA also helped improve grain quality testing, based on internationally recognized standards. This improvement will facilitate exporting grain products and improve the price that grain farmers receive for their crops. To improve competitiveness, CIDA helped establish 19 agricultural extension offices in four regions of Ukraine. To date, these agricultural extension workers have helped more than 18,000 farmers determine the most appropriate use of fertilizers and crop protection products, select the most useful seeds and seedlings, upgrade production techniques, and diagnose plant diseases. CIDA also supported the re-emergence of the credit union movement in Ukraine, which supports small and medium businesses. Today, there are now 798 credit unions registered in Ukraine, 400 of which were established as a direct result of Canadian assistance.

2.2 Fragile states and countries experiencing humanitarian crisis

Program activity description
This program activity involves programming development and/or humanitarian assistance in fragile states and/or countries experiencing humanitarian crisis to reduce the vulnerability of crisis-affected people and restore capacity of public institutions and society, through different means: government-wide responses, using a variety of mechanisms to respond to the many specific needs and risks, or timely and effective action. In both cases, partnerships with institutional organizations offer flexibility and expertise to provide adequate responses.

Actual full-time equivalents for 2007-2008	Actual spending for 2007-2008
183	$716,436,642

Financial information: In 2007–2008, spending for this program activity totalled $716.4 million or 22.3 percent of the Agency's overall expenditures. Of this amount, $694.2 million was for net program expenditures and $22.2 million was allocated to this program activity for corporate services.

Performance overview

Conclusion against the expected result: In 2007–2008, Canada delivered humanitarian assistance, quick-impact programming, as well as projects that build social and economic development and strengthen institutions. In addition to increasing the capacity of people to deal with crises, humanitarian assistance and programming that is immediately effective (which we call "quick-impact" programming) provide a more stable and secure environment for longer-term programming. There are some challenges in ensuring sustainability and measuring results. However, CIDA's work in 2007–2008, outlined below, demonstrates Canada's continued leadership in rebuilding and developing fragile states as well as in helping countries experiencing humanitarian crises.

Expected result: Reduced vulnerability of crisis-affected people
Selected performance indicators • Prevalence of acute malnutrition • Level of personal and community protection

In collaboration with the Department of Foreign Affairs and International Trade (DFAIT), CIDA's humanitarian assistance program is mandated to save lives and alleviate the suffering of crisis-affected populations, in a timely, effective, and coordinated manner. In 2007–2008, CIDA funded trusted United Nations agencies, the International Federation of Red Cross and Red Crescent Societies, and NGOs in response to unexpected emergencies such as: the July 2007 tropical storm in Pakistan; the August 2007 earthquake in Peru; Hurricane Dean in August 2007 in the Caribbean; flooding in East and West Africa in September 2007; and Cyclone Sidr in Bangladesh in November 2007. CIDA's funding enabled partner organizations to respond to the needs

of affected populations. These responses included providing:

- drinking water, hygiene, and sanitation services;
- primary health care services;
- health surveillance services;
- logistical and transportation support;
- emergency and transition shelter;
- emergency food aid, essential non-food items (such as soap, clothing, and cooking utensils); and
- temporary learning spaces for children.

Canada also used the Canadian Forces' airlift capability to transport emergency relief supplies directly to Jamaica after Hurricane Dean and to Nicaragua after Hurricane Felix.

Humanitarian assistance, including food aid, is particularly important to reduce ongoing suffering due to conflicts and ongoing crises (such as droughts). In 2007, Canada's contributions to the World Food Programme (WFP) and the Canadian Foodgrains Bank helped feed more than 5 million vulnerable people. Canada was the third-largest donor to the WFP in 2007 (after the United States and the European Commission). Overall, the Programme met the food aid needs of 86.1 million people in 80 countries. For example, in Afghanistan, the WFP delivered over 219,000 metric tonnes of food aid to over 6.5 million people. CIDA has contributed to feeding 5.7 million Sudanese through WFP, 3 million of whom are in Darfur.

In fragile states, a combination of humanitarian assistance and short-term, quick-impact development programming has been important. While this type of engagement is not designed to be sustainable, it provides some stability that allows longer-term, more sustainable programming to be developed and implemented. In Kabul, CIDA has contributed since 1997 to the Vocational Training for Afghan Women project that benefited over 21,000 widows. In 2007–2008, this number included over 3,000 unemployed widows living in extreme poverty. The project focuses on skills development provided in vocational training, including agriculture and trades. In Haiti, CIDA created more than 150,000 days of work through the funding of several community development programmes that create a source of income for families. This contributed directly to social stability in the country by improving living conditions and providing income for families. In Sudan, child-friendly spaces were created in internally displaced persons camps. As well, enhanced safety measures were created in schools to protect 21,000 Sudanese children and community members.

Providing humanitarian assistance is a challenging activity. One ongoing challenge is that the frequency and severity of natural disasters has been increasing worldwide. In response, CIDA, its partners, and governments of countries that are vulnerable to natural disasters have been focusing on disaster risk reduction (DRR) programs. These include disaster prevention, preparedness, management, mitigation (that is, reducing harmful effects), and rebuilding programs. The recent OECD-DAC Peer Review of Canada recommended that CIDA continue to ensure that it integrates DRR in its programming.

Expected result: Restored capacity of public institutions and civil society
Selected performance indicators • Development of national poverty reduction strategies, including sector priorities • Level of availability of key public services

In 2007–2008, CIDA provided resources and played a leadership role in policy dialogue to promote donor coordination and the development of national poverty reduction strategies. CIDA led the Government of Canada response on the Afghanistan National Development Strategy (ANDS), and through a special project, helped strengthen the institutional capacity of the ANDS Secretariat. The Government of Afghanistan's development vision is consolidated in the Afghanistan National Development Strategy, which was approved in Paris in June 2008 and outlines the sectoral priorities and mechanisms for achieving its strategic objectives and multi-year commitments to the MDGs. CIDA's contribution to the Making Budgets and Aid Work Project supported the Ministry of Finance's budgeting based on Afghan priorities in 10 different provinces, including Kandahar. With technical assistance from CIDA and other donors, the Government of Haiti was able to develop its National Strategy for Growth and Poverty Reduction, which was completed in November 2007. This document lays out the Government of Haiti's development priorities for 2008–2010. These priorities will enable donors to more effectively deliver aid that matches the Government of Haiti's needs and priorities. This will help strengthen donor coordination, which has been somewhat of a challenge in recent years in the absence of strong coordination mechanisms. There is no poverty reduction strategy for Sudan. Therefore, CIDA and other donors have learned to coordinate programs within key Sudanese and international development frameworks, including the Joint Assessment Mission and the Sudan Consortium. Currently, there is relatively limited donor coordination with government systems in Sudan. In 2007, CIDA became a member of the Joint Donor Team (JDT), the world's only aid office managed by six countries. The JDT is responsible for development cooperation in Southern Sudan. The members of the JDT represent about 35 percent of the total assistance given to Southern Sudan. The coordinated approach increases the effectiveness of Canada's contribution in this region.

CIDA supports the strengthening of public institutions in fragile states to establish sustainable changes. For example, in 2007–2008, CIDA compiled all Haitian legislation in effect since 1804. This collection now helps judges, parliamentarians, ministries, and students to more effectively deliver justice and strengthen the rule of law in Haiti. Another example related to the Sudan Multi-Donor Trust Funds (SMDTFs), which faced initial difficulties in delivering results. These difficulties are generally associated with start up but others are more systemic and include lack of technical and managerial capacity in the Government of Southern Sudan (GoSS), the Government of National Unity (GNU), and the lack of familiarity by GoSS and GNU with World Bank procedures and practices, especially for procurement. The December 2007 SMDTFs report acknowledges recent improvements especially in building the capacity to ensure success of the program.

Promoting human rights is vital to strengthening the role of civil society organizations to bring about positive changes in the attitudes and behaviours of people and institutions. In Afghanistan, human rights abuses against women and men are pervasive. The Afghan Independent Human Rights Commission (AIHRC), with CIDA's support, advocated for human rights and raised awareness among officials and staff in government institutions, seven ministries, and the Afghan National Army and Police. During the past year, AIHRC educated thousands of people on human rights concepts through workshops, media broadcasts, and meetings. It also distributed 153,000 copies of its Human Rights magazine throughout Afghanistan.

Investments in public institutions benefit not only the citizens of a jurisdiction, but also are a positive contribution for neighbouring states. In West Bank and Gaza, CIDA tailored its programming to meet evolving circumstances, including renewed efforts for Middle East peace. For 2007–2008, the Agency supported the UN Relief and Works Agency in providing education, health, and welfare services to roughly 4.5 million Palestinian refugees in the Middle East. CIDA has focused on justice and security issues. In doing so, CIDA builds on the solid foundation established by its partnership with the University of Windsor in shaping the Palestinian Authority's plan for justice reform. The plan lays out the Authority's future directions for establishing the rule of law. These include enhancing and modernizing its judicial system, prosecution services, and investigative agencies.

Following are two report cards (Afghanistan and Haiti) to further demonstrate the contribution of this program activity to the objectives of the Canadian aid program.

Afghanistan

At a glance...

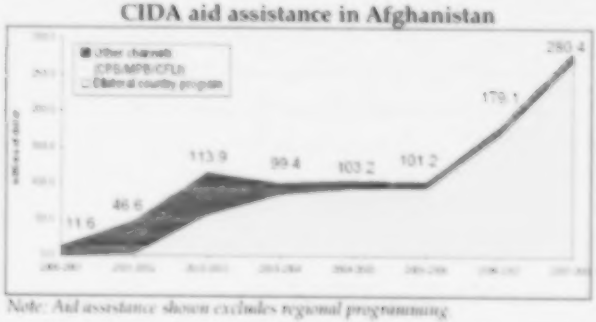
Population	25 million
Area (2005)	652.1 km²
Life expectancy	43 years
GDP/capita (2006) ***	US$264/year
Aid per capita (2005)	US$110.7
Human development index (2007)	174th (out of 178) fourth lowest in the world
Under age of 5 child mortality	191/1,000 among 10 highest in the world*
Literacy rate	male 36 percent, female 18 percent**

Sources: 2007 Afghanistan Human Development Report, UNDP
**John Hopkins Bloomberg School of Public Health, 2006*
***The Afghan Central Statistics Office*
****IMF World Economic Outlook, 2008*

Context

Afghanistan is Canada's largest bilateral aid recipient. In 2007–2008, as part of a Canadian investment of $349 million, CIDA delivered about $280 million in reconstruction and development assistance to Afghanistan. This aid assistance combines the resources and expertise of development specialists, diplomats, military personnel, police officers, and corrections experts. The remaining $69 million in reconstruction assistance was delivered through DFAIT.

CIDA aid assistance in Afghanistan



Note: Aid assistance shown excludes regional programming.

Commitment to aid effectiveness

Canada's development assistance was coordinated in 2007–2008 with the Interim Afghanistan National Development Strategy, from which CIDA would develop its new priorities in keeping with a renewed whole-of-government strategy for Afghanistan. Canada has also supported important national programs to build Afghan capacity, while ensuring that its assistance is fully taken into account in these national programs and in the budget process.

Furthermore, Canada has coordinated donors and harmonized assistance efforts in order to foster an effective partnership with the Government of Afghanistan. For example, Canada is a member of several international donor working groups, such as the Joint Coordination and Monitoring Board and sector groups including gender and governance. In recent months, Canada has assumed a leadership role in Afghanistan's education sector.

> **"Canada is among the best with regard to spending the resources effectively and in a way that builds Afghan capabilities."**
> *– Kai Eide, UN Special Representative in Afghanistan and head of the United Nations Assistance Mission in Afghanistan*

Results and accountability

The monitoring and control systems of the Afghanistan Program have progressively been enhanced over the past three years. CIDA is tracking and analyzing the performance, results, and risks of the Afghanistan Program, advancing informed decision-making, and producing necessary documentation to demonstrate that the Agency is delivering on its objectives and meeting Treasury Board accountability standards.

Canada's increased involvement in Afghanistan has been accompanied by a substantial expansion of programs and staff, including establishing a Results and Accountability Unit. CIDA has also improved its program planning, delivery, and monitoring capacity in Afghanistan. These improvements included: increased field presence; improved quality of reporting to headquarters; and improved inter-departmental cooperation for integrated planning, monitoring, and measurement of its program. CIDA's participation in joint evaluations, missions, and

reviews has also improved its monitoring of pooled-fund programs. It has also improved its accountability for specific uses of CIDA's contributions to trust funds that support the Afghan national budgets.

Focusing on results

As partners with the Afghan government in the five-year Afghanistan Compact that took effect in 2006, Canada is among the top five donors of 50 countries contributing to Afghan development. The situation in Afghanistan remains highly unstable, especially in the South, but progress is being made in several areas.

Education: During the Taliban regime, girls were forbidden to participate in formal education. The reintegration of girls and the re-establishment of the formal school system will help break the cycle of illiteracy among Afghan women. For example, through the Literacy Program in Kandahar Province, more than 170 literacy courses have been established, more than 170 literacy teachers have been trained, and more than 5,000 students, the majority of them women, have received literacy courses.

In 2007, Canada pledged its support to the Ministry of Education making the largest single contribution to the Education Quality Improvement Project (EQUIP). This is Afghanistan's largest education program and key to implementing the National Education Strategic Plan.

Key education indicator

2001: 700,000 children in school, no girls

2007: Close to 6 million children in school, one third of whom are girls
In Kandahar, over 134,000 children in school, 17 percent of whom are girls

Source: Ministry of Education, 2007

Humanitarian assistance: Afghanistan continues to suffer natural and conflict-induced emergencies affecting millions, especially in Kandahar. Here, returning refugees and internally displaced persons face life-threatening situations every day. Helping increase people's capacity to deal with shocks and crises is essential to maintain hard-fought stabilization gains and development progress.

With Canadian support, the World Food Programme delivered over 219,000 metric tonnes of food aid assistance to over 6.5 million people across Afghanistan. In Kandahar alone, more than 15,000 tonnes of food was distributed to more than 550,000 people. More than 30,000 people received functional literacy training through food-for-education programs.

Key health indicator

2004: Access to basic health care stood at 9 percent of total population

2007: Access to basic health care reached more than 80 percent of total population

Source: IMF Country Report, 2008

This year, Canada has increased its commitment to support the Government of Afghanistan's objective to eliminate polio by 2009. This effort has made steady progress over the last year. The number of polio cases reported has decreased from 31 in 2006 to 17 in 2007. Canada's contribution to the Global Polio Eradication Initiative helps vaccinate over 7 million children under the age of 5 during each national polio campaign. Nearly 350,000 children in the province of Kandahar alone were vaccinated during each of the 10 polio campaigns carried out in 2007.

Economic growth: While the Afghan economy has shown remarkable growth and the gross domestic product has more than doubled in six years, it will take decades of sustained growth to reach reasonable levels.

Canada's efforts are helping increase the local economic impact of international participants and directly supporting local Afghan businesses and entrepreneurs. The Kabul Procurement Marketplace project, for example, has been identified as a best practice by the World Bank. The project has also enhanced Afghan businesses' access to procurement opportunities with international agencies and large buyers in Afghanistan. These efforts have resulted in over US$65 million in new contracts awarded to Afghan agricultural, construction, and manufacturing companies.

Key economic indicator

GDP per capita (USD) has increased from $176 per capita (in 2002) to $264 (in 2006)

Source: IMF World Economic Outlook, 2008

Way forward: a strong Kandahar, a strong Afghanistan

CIDA's aid program in 2007–2008 was delivered as part of an effort involving the whole government. It is coordinated in partnership with DFAIT, DND, and other departments in response to needs identified by the Government of Afghanistan. The January 2008 report of the Independent Panel on Canada's Future Role in Afghanistan, chaired by the Hon. John Manley, and the passing of a motion by the House of Commons on the future direction of the mission on March 13, were key inputs for the government as it developed a more focused set of priorities in Afghanistan. The government also created a full-time task force reporting directly to the Prime Minister and established the Cabinet Committee on Afghanistan to improve coherence and coordination among departments.

CIDA is involved in implementing three of Canada's six priorities in Afghanistan, namely:

- strengthening Afghan institutional capacity to deliver core services and promote economic growth, thereby enhancing the confidence of Kandaharis in their government;
- providing humanitarian assistance to vulnerable people, including refugees, returnees and internally displaced persons; and,
- helping advance Afghanistan's capacity for democratic governance by contributing to effective, accountable public institutions and electoral processes.

In response to the Manley panel, and in line with those priorities, Canada also announced three signature projects:

- rehabilitating the Dahla Dam and its irrigation system, located in Kandahar's Arghandab Valley, which will generate up to 10,000 seasonal jobs;
- building or repairing of 50 schools in key districts of Kandahar; and,
- expanding support for polio vaccination in Kandahar, and throughout Afghanistan.

Canada has announced an increase in aid from $1.3 billion for the 2001–2011 period to $1.9 billion. Also, Canada aims to increase its focus on Kandahar from 17 percent of its total aid allotment, to 50 percent, subject to changes in the complex Afghan environment, in addition to increasing its civilian presence in Kandahar, as the military mission comes to an end in 2011. Building a more secure Kandahar is central to Canada's overall objective of helping Afghanistan once again become a viable state. More information on Afghanistan can be found at www.Afghanistan.gc.ca.

Haiti

At a glance...

Population	9.4 million
Area	27,562 km²
GNI per capita	US$430
Life expectancy	60 years
Aid per capita	US$62
Human development index (2007)	146th out of 177
Corruption perceptions ranking	177th (out of 179 countries)
CIDA bilateral aid (2007-2008)	$93.1 million
Canada's rank among DAC donors	2

Unless indicated, all data is from 2006.

Sources: World Bank, World Development Indicators On-line (August 2008) and Transparency International Corruption Perceptions Index 2007

To respond appropriately to its people's aspirations, the Government of Haiti has developed a vision and established objectives in its National Growth and Poverty Reduction Strategy Paper (2008–2010). Tabled in November 2007 based on consultations, the Paper is based on three pillars: economic growth, human development, and democratic governance. The time is ripe for the international community and the emerging donors of Latin America to provide concerted, coordinated support to the government and people of Haiti.

Context

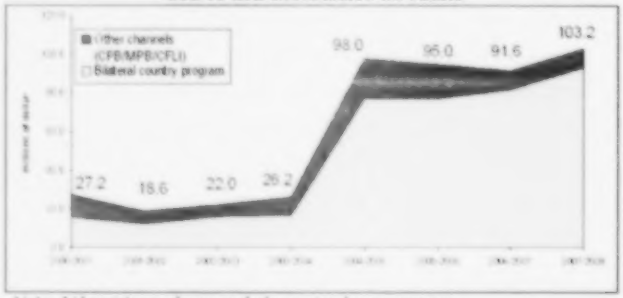
Despite recent events related to the global food crisis, under President Préval's leadership, and with the Mandate of the U.N. Stabilization Mission in Haiti's (MINUSTAH) contribution, Haiti became less insecure in 2007. The government has pledged to strengthen its institutions and to serve Haitians more effectively. Despite the government's legitimacy and good will, and the contribution of international partners, Haiti remains a fragile state. It is the poorest country in the Americas. Haitian society has experienced an economic crisis for more than two decades. Other important challenges include the high cost of living and the environment, especially loss of forests, which makes Haiti very vulnerable to natural disasters.

Key poverty indicators

	Previous	Most recent
Percent of the population living on less than US$1 a day	-	54 (2001)
Percent of the population living than less than US$2 a day	-	78 (2001)
Population density (per km²)	258 (1990)	343 (2006)
Primary enrolment ratio	21 (1991)	-
Mortality under five (deaths per 1000 live births)	152 (1990)	80 (2006)
Percent of under nourishment (children under age of 5, weight for age)	24 (1995)	19 (2006)
Maternal mortality (deaths per 100,000 live births)	-	670 (2005)
Percent of population with access to improved water sources	47 (1990)	54 (2004)

Sources: World Bank, World Development Indicators On-line and UN Stats

CIDA aid assistance in Haiti



Note: Aid assistance shown excludes regional programming.

Canadian development assistance to Haiti

CIDA has been active in Haiti since 1968. Its support has varied depending on Haiti's political situation and security. As shown by the trend in aid assistance, Canada has increased its spending by nearly 600 percent since 2000. In July 2007, the Prime Minister increased Canada's commitment to $555 million over five years (2006–2011) for rebuilding and developing Haiti, based on four key priorities: good governance; establishing open and accountable government; combating corruption; and the rule of law. Adopting an approach that includes all of

government, Canada is now Haiti's second largest bilateral donor. The Haiti bilateral program is CIDA's second largest.

Aid effectiveness and CIDA priorities

CIDA's current interim strategy builds on a balanced approach (short-, medium-, and long-term; diversity of partners). It applies aid effectiveness principles in a fragile state. This strategy is based on three priorities: government institution building and governance; access to basic services and basic needs; and social conciliation. Starting in 2008–2009, CIDA plans to realign its aid program to provide full support for the Government of Haiti and the priorities it has established in the National Growth and Poverty Reduction Strategy Paper as well as its plan to increasingly apply aid effectiveness principles based on the Paris Declaration. Finally, Canada is recognized for its active role at the donor table in strengthening coordination.

Success story

CIDA is achieving good results by strengthening the health system through a number of basic projects. For example, CIDA is improving the quantity and quality of care for 2.2 million women and men in four specific departments. It is strengthening the governance of the health system. Finally, it is immunizing 620,000 people under 20 against polio and/or measles and rubella.

Focus on Results

Governance: CIDA's support for the Government of Haiti's central democratic institutions has made them more open by broadcasting parliamentary sessions, and by re-editing, publishing, and distributing the Penal Code. In addition, 560,000 people have been registered on the voters' list, which now covers 92 percent of the adult population. In the justice sector, CIDA supported creating the school for judges in which 70 justices of the peace have already been trained.

Access to basic services: In health, CIDA has built human resource capacities by providing training, which is leading 24 students to an advanced graduate diploma and 16 students to a master's degree in health services administration. Moreover, nearly 220,000 people have been made aware of sexually transmitted infections and HIV/AIDS. In education, CIDA has funded tuition fees for 13,415 pupils. CIDA has also contributed to the School Feeding Program, which provides a meal for some 290,000 children every school day.

Socio-economic improvements and social conciliation: To meet the urgent basic needs of the population, CIDA has supported "quick-impact" programs that have created more than 160,000 workdays. Thanks to local development projects, producers have seen their agricultural production double and sometimes even triple. Moreover, CIDA's efforts make it possible to offer ongoing financial services to over 212,000 members of one of the 56 savings and credit unions, of which 14 have joined forces to improve the quality of their services.

Canada pays special attention to Haiti in its Strategy for the Americas. It remains committed to Haiti on a long-term basis. CIDA plans to continue to play a leadership role in coordinating aid around Haiti's priorities. CIDA also plans to strengthen the effectiveness of its activities and to achieve even more sustainable results.

2.3 Selected countries and regions

Program activity description	
The purpose of CIDA's development assistance programming in selected countries and regions, eligible for Canadian international assistance, is to enhance the capacity of these countries and regions to achieve stability and/or development goals and contribute to Canada's international interests, through expertise, dialogue, and resources. These programs can also require linkages and/or partnerships between Canadian partners and their local partners.	
Actual full-time equivalents for 2007-2008	**Actual spending for 2007-2008**
849	$490,116,537

Financial information: In 2007–2008 spending for this program activity totalled $449.8 million or 14 percent of the Agency's overall expenditures. Of this amount, $419 million was for net program expenditures and $30.8 million was allocated to this program activity for corporate services. Non-budgetary spending totalled $40.3 million for the Canada Investment Fund for Africa.

Performance overview

Conclusion against the expected result: On balance, real progress has been made in meeting our first expected result of enhancing capacity of selected countries and regions to achieve stability and/or development goals. However, the wide range of development levels and national capacities of countries and regions included in this program activity needs to be recognized in making this assessment. As described below, we also contributed to the international interests of the Government of Canada through a number of collaborative initiatives with other government departments.

Expected result: Enhanced capacity of selected countries and regions to achieve stability and/or development goals
Selected performance indicators ▪ Progress towards the MDGs ▪ Level of democratic governance ▪ Existence of an effective government poverty reduction strategy, reflected in budgeting decisions and long-term resource framework ▪ Alignment of CIDA country strategies and institutional support to the country's national development plan

Despite challenges, such as global economic instability, weak institutional capacity, political and ethnic conflict, and low levels of local ownership of key developmental issues, most of CIDA's selected countries and regions have made improvements towards stability and achieving their development goals. There has been progress towards achieving the MDGs, particularly in health and education. For example, at the regional level, the Americas made significant progress with CIDA's help in controlling communicable diseases such as yellow fever, measles, and rubella by systematically

vaccinating people. In particular, eradicating rubella from the Americas is well within sight because the number of confirmed cases has dropped from 135,000 in 1998 to less than 5,000 in 2006. In Egypt, CIDA has strengthened 200 community schools and established 100 more schools. This has allowed more than 7,500 children, 75 percent of them girls, to access quality primary education in community schools. Many of these schools are in hard-to-reach areas of Upper Egypt where girls have previously been denied the opportunity to attend school and learn in the classroom.

Poverty reduction strategies have been developed by various selected countries to guide long-term investment decisions at the country and regional level. The Southern African Development Community has developed a Regional Indicative Strategic Development Plan. All member states and donors, to accelerate and achieve sustainable regional economic integration and poverty reduction, have endorsed the plan.

Democratic governance has improved for most selected countries. It is measured by political stability, government effectiveness, rule of law, and control of corruption. For example, CIDA programming:

- in the Philippines fortified local governance structures for accountability;
- in Central Europe has led to collaboration among neighbouring countries through its regional programming; and
- in the Americas promoted democratic governance and contributed to the integrity, impartiality, and reliability of elections by supporting more than a dozen electoral observation missions.

All CIDA country and regional strategies are in line with either country or regional priorities. For example, CIDA programs in Morocco, Algeria, and Tunisia build the capacity of government institutions to implement and support those countries' national development plans, especially in education and encouraging more local control of programs (called "decentralization"). Furthermore, the main purpose of these programs is to match changing labour market needs with well-trained employees, thereby increasing employment, productivity, and competitiveness of the private sector, as well as reducing poverty. Aid effectiveness is therefore heightened by focusing on education and decentralization. It is also strengthened by developing programs in direct response to specific requests from governments, in areas where Canada has internationally recognized expertise. A key lesson learned in programming at the regional level or in supporting regional organizations is the importance of promoting greater consistency between commitments made at the regional level and national policies. Another lesson learned was reinforcing linkages between regional and national bodies, and civil society organizations.

Some selected countries that have not demonstrated progress against key indicators have a higher risk profile. Therefore, these countries require more complex risk management strategies that focus on the challenges mentioned above (for example, Zimbabwe). CIDA programming helps government and/or civil society develop strategies to deal with some of the root causes of the conflict. For example, while CIDA has not provided direct support to the Government of Zimbabwe since 2002, a Civil Society Fund ($7.5 million

over four years) has helped civil society organizations better respond to human rights violations, participate in elections monitoring, and promote gender equality in a challenging economic and political environment. In Nepal, the emphasis on civic education, elections, and media reporting has helped enable a more peaceful transition to democracy.

Expected result: Contribution to international interests of the Government of Canada
Selected performance indicators ▪ Targeted programming in areas of mutual interest ▪ Degree to which other government departments are engaged in country

CIDA contributes to Canada's international interests by helping partner countries and regional institutions improve their capacity to promote or sustain democracy, freedom, human rights, the rule of law, security, and international trade. As well, Canada helps countries deal with issues that cross regional and national boundaries such as communicable diseases or natural resource management (for example, water basins). CIDA, for example, supports a number of regional institutions in the Americas, Africa, and Asia that help their member states negotiate with the World Trade Organization (WTO) to be on a more level playing field vis-à-vis developed countries, as well as develop strategies to combat infectious diseases. Demonstrating an approach that involves the whole of government, many other government departments (OGDs) work collaboratively with CIDA, for example:

- Department of National Defence supports peacekeeping in the Democratic Republic of the Congo.
- International Development Research Centre (IDRC) helps develop small and medium businesses and water demand management strategies in Egypt.
- Industry Canada supports small business development in South Africa.
- Indian and Northern Affairs Canada, Agriculture Canada, HRSDC, Status of Women Canada, and Treasury Board Secretariat support capacity development in South Africa.

Important lessons have been learned from cooperation with OGDs. One lesson learned was the need for plans that sustain ongoing involvement after CIDA funding ends. Another lesson learned was the need to produce timely results-based narrative and financial reports.

Following are two report cards (Canada Fund for Africa and the Caribbean program) to further demonstrate the contribution of this program activity to the objectives of the Canadian aid program.

Canada Fund for Africa

Context

Launched at the G8 Summit in Kananaskis in June 2002, the $500-million Canada Fund for Africa (CFA) was established to respond to the New Partnership for Africa's Development (NEPAD), a made-in-Africa plan to put the continent on a path of sustainable growth and development, and respond to the G8 Africa Action Plan. The CFA supported bold new initiatives and large-scale programs that could have an impact on sustainable development in Africa. It included 33 distinct initiatives that are consistent with NEPAD priorities and supported African development in governance, peace and security (15 percent); health (22 percent); economic growth through trade and investment (24 percent); agriculture, environment, and water (28 percent); and information and communication technologies (7 percent). The CFA has played a key role in helping Canada meet its commitment to double aid to Africa from $1.05 billion in 2003–2004 to $2.1 billion by 2008–2009.

Commitment to aid effectiveness

The CFA complemented ongoing CIDA programming while contributing to aid-effectiveness principles.

- ***It stressed African ownership, leadership, and control:*** The CFA supported priorities identified by African leaders, African institutions, and African communities. These priorities included strengthening the peace and security capacity of the African Union and supporting the African peer-review mechanism.
- ***It introduced innovative, strategic investments with a long-term approach:*** The CFA contributed $100 million to create the Canada Investment Fund for Africa (CIFA), an innovative public–private risk capital fund that combines profitable investments with corporate social responsibility. The CFA funded strategic areas such as research in biosciences, agricultural productivity, and HIV vaccines.
- ***It was a catalyst for other donor investments and partnerships:*** The CFA took a calculated risk as the first and, sometimes only, donor for new investments that are now being supported and recognized by others. Canadian leadership as a donor has increased the amount of funds coming from other donors, for the African Water Facility and the NEPAD Infrastructure Project Preparation Facility. The CFA stressed the formation and maintenance of partnerships, coalitions, and networks to share knowledge and experience, achieve economies of scale, and multiply outreach. For example, four Canadian NGOs pooled resources to deliver the Canadian Coalition on Youth and HIV/AIDS project. They shared best practices and reduced administration costs in the field. This enabled them to reach more people than if they had worked alone.
- ***It took a whole-of-government approach:*** As the lead partner, the CFA called on the expertise, networks, and facilitation capacities of a number of key federal government departments to co-manage several of its programs. This included collaboration with DFAIT in the West Africa Peace and Security Initiative and the Canada Investment Fund for Africa; Industry Canada in the e-PolNet, Connectivity Africa and Enablis projects; and the International Development Research Centre in the Connectivity Africa project.

Focusing on Results

From 2002 to 2008, CFA's financial and technical support has achieved some remarkable results. Sample project results (by NEPAD priority) include:

Governance: The Africa–Canada Parliamentary Strengthening program restored the African Parliamentarians Network Against Corruption. This network played a key role in passing eight pieces of legislation in four countries dealing with transparency and accountability in government and the public service.

Peace and security: The Sub-Regional Program for Arms and Light Weapons focused on communities in Senegal, Gambia, Guinea Bissau, and Guinea. Under this program, hundreds of small arms and light weapons were collected. Community development projects, ranging from horticulture to community radio to brick making, have generated incomes for over 980 people, including 664 women.

Water and environment: Support to the UN-HABITAT Water and Sanitation Trust Fund engaged 17 cities in 14 African countries in water and sanitation issues. This involvement led to improved access to services for over 100,000 people. In Ethiopia, eight public water facilities serving 5,000 people have been built. Trained community women are managing and operating these facilities.

Health: Support to the Canadian Coalition on Youth and HIV/AIDS resulted in strengthening nearly 400 civil society organizations and government partners to deliver better quality HIV prevention services for youth and women. As well, economic support was given to community-based groups, which improved daily incomes for 2,000 project participants. In addition, support for the African AIDS Vaccine Partnership also helped develop the National AIDS Vaccine Plans or Strategies in Cameroon, Tanzania, Rwanda, Kenya, and Uganda.

Trade and investment: Small and medium-size South African businesses have accessed loans, information and communication technology, business coaching, and technical support through the Enablis project. To date, the project has created nearly 1,800 jobs, supported 400 entrepreneur members (30 percent women), and granted loans of over $7.5 million. The project's success in South Africa has led to plans for a similar model for East Africa.

The Canada Investment Fund for Africa (CIFA) provides risk capital for private sector investments that may have development impact, generate growth, and promote Canadian interests in Africa. Canada committed $100 million to help increase investment from public and private sources. In its third year, the Fund is operating strongly and is subject to stringent, internationally recognized corporate social responsibility measures and environmental standards.

Thus far, the Fund Managers have invested US$162 million in oil and gas, mining, consumer goods, financial services, agribusiness, manufacturing, and logistics. Investments have been made in Angola, Burkina Faso, Democratic Republic of the Congo, Egypt, Ghana, Madagascar, Nigeria, Rwanda, Senegal, South Africa, Togo, Tunisia, and Zambia. While its aid is not tied to purchasing requirements, CIFA has been important in involving the Canadian private sector in Africa. As of March 31, 2008, four of the 14 CIFA investments were in Canadian companies operating in Africa.

CIFA investments are delivering development results. Through the leadership of CIFA and sometimes in partnership with other donors or NGOs, companies have been created that are actively engaged in their local communities by: providing educational and medical supplies; implementing reforestation programs; and delivering educational grants. They have supported developing local infrastructure such as roads and bridges, electricity supply, water supply, as well as providing financial services to under-represented regions. These companies have also invested in training and education in areas such as preventing HIV/AIDS and developing technical/vocational skills.

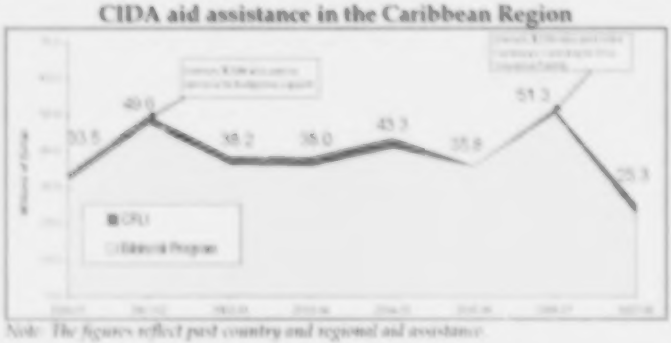
Caribbean program

Context

The Caribbean Community (CARICOM) comprises 12 island states and three continental countries, with a combined population of about 15.2 million. Haiti accounts for over half (8.5 million) this amount. The combined gross national income (GNI) of the 15 member states of CARICOM is $US36 billion. There are significant differences in the size of their economies and their levels of development. About half are lower middle-income countries, while the remainder are upper middle-income countries. All are considered members of the Small Island Developing States grouping that share similar sustainable development challenges. These challenges include: small populations; human resource deficits; susceptibility to natural disasters; poor diversification that depends on traded commodities and tourism; weak regional, national, and local institutions; and vulnerability to external shocks. Another common issue shared by these countries is a high debt level — 14 of the 15 CARICOM states are ranked among the top 30 of the world's highly indebted emerging market economies.

Canadian development assistance to the Caribbean

CIDA aid assistance in the Caribbean Region



Note: The figures reflect past country and regional aid assistance.

Canadian development assistance to the Caribbean is one of its oldest programs. The Anglophone Caribbean has received about $2 billion since 1963. Recent investments in the region have totalled about $30-$35 million per year. Given the importance of the Caribbean in Canada's Strategy of the Americas, a new 10-year programming framework for the Caribbean Community was approved in June 2007. This framework builds on our previous results and lessons learned. CIDA's programming will now be regional in scope. In July 2007, the Prime Minister announced that Canada will provide significant new support ($600 million) to the region over the next 10 years. This commitment will make Canada and the European Union the region's leading grant donors. This position will give us increased effectiveness, influence, and visibility.

Commitment to aid effectiveness

CIDA's approach in the Caribbean reflects the Agency's commitment to aid effectiveness and responds to the needs and priorities of the countries in the region. CIDA has been proactive at the regional level in advancing new approaches to development cooperation. The goal is to achieve greater developmental effectiveness, such as well-designed programs and joint funding mechanisms. This has resulted in support for programs such as the Caribbean Regional Technical Assistance Centre and Caribbean Regional Negotiating Machinery project mechanisms, and the PAHO/Caribbean Epidemiology Centre.

CIDA is involved on an ongoing basis in policy dialogue on a range of issues that affect development across the region. For example, in the Eastern Caribbean, Canada is part of donor groups in four sectors. Canada plays a lead role in the Caribbean in disaster risk reduction. We have harmonized our support with that of other donors in this area. We have been instrumental in encouraging and supporting the region to develop a Comprehensive Disaster Management

Framework. In Jamaica, at the request of donors and the Jamaican government, CIDA is leading a harmonized approach to support justice reform.

Focusing on results

In the earliest days, CIDA funded major infrastructure projects and also provided stand-alone scholarships that many current leaders in the region have used. As the program evolved, the main focus moved to other areas. For example, under the Canadian Regional Development Programming Framework of 1993, CIDA invested in human resource development, private sector development, HIV/AIDS, environment, trade policy development, social infrastructure, educational and leadership development, public sector economic management, gender equality, and institutional strengthening of the CARICOM and Organization of Eastern Caribbean States Secretariats. Recent results include the following:

Governance: In recent years, CIDA has helped improve the capacity of Caribbean states to deal with catastrophic natural disasters. In April 2007, CIDA provided $20 million (the single largest contribution to date, of a total of about US$50 million) to help fund the Caribbean Catastrophe Risk Insurance Facility (CCRIF). The CCRIF is an insurance mechanism that helps countries maintain essential public services immediately after a natural disaster occurs.

Private sector development: CIDA supports one of the main goals of the CARICOM, which is to create a Caribbean Single Market and Economy (CSME). Creation of the CSME would help CARICOM achieve greater economic and political strength through regional integration.

Gender equality: The Caribbean Gender Equality Program II reached an estimated 110,000 direct and indirect beneficiaries in 15 countries between 2000 and 2007. It has produced several results in combating violence against women. These results include: reform of laws on domestic violence and family law by member countries of the Organisation of Eastern Caribbean States (OECS); new legislation to protect families, women, and children was produced in five of the eight OECS countries; a *Domestic Violence Act* in Suriname was developed; a training program in analysing violence against women in the media was developed and implemented in Jamaica; and in Guyana, the police force established a domestic violence unit, resulting in an increased level of public concern and a reduced tolerance for domestic violence.

Success story

The Caribbean Regional Technical Assistance Centre (CARTAC) plays a vital role in reducing the problems some Caribbean countries have in meeting challenges in macroeconomic and financial policy and management. It supports country-led reforms as well as regional harmonization, including laws, codes and practices. It also builds awareness of the need for reform.

The most visible impact of CARTAC's work has been in the Revenue Administration. Here, customs administration systems have been modernized. As well, the administration of tax departments has been improved. Most importantly, value-added tax systems have been introduced to replace revenue likely to be lost when the CSME is fully implemented.

The monitor's report of the 2005-2007 Phase II confirmed that CARTAC was a valuable and important part of the region's capacity-building resources. That progress was called "excellent." The report also noted the need for continued technical assistance, validated CARTAC as an effective mechanism for programming, and recommended a third phase (2008–2010).

2.4 Multilateral, international, and Canadian institutions

Program activity description
Through its engagement with multilateral, Canadian, and international institutions, CIDA seeks to influence institutional policies and practices to strengthen the ability of institutions and to maximize program effectiveness in order to enhance the capacity and effectiveness of partner institutions in achieving development goals. CIDA's engagement includes providing expertise and core funding, as well as participating on decision-making and advisory committees and boards.

Actual full-time equivalents for 2007-2008	Actual spending for 2007-2008
401	$1,235,072,645

Financial information: In 2007–2008, spending for this program activity totalled $1,235.1 million or 38 percent of the Agency's overall expenditures. Of this amount, $1,210.4 million was for net program expenditures and $24.7 million was allocated to this program activity for corporate services.

Performance overview

Conclusion against the expected result: Overall, by continuing to strengthen its partnerships with multilateral, international, and Canadian organizations, CIDA met its expected result for this program activity. Building on CIDA's previous support, CIDA's partners are contributing to development results across a wide range of countries and sectors. This contribution complements programming in countries where CIDA has only a modest bilateral presence. Aid effectiveness remains a consistent focus of CIDA's relationships with its partners.

Expected result: Enhanced capacity and effectiveness of multilateral institutions and Canadian/international organizations in achieving development goals
Selected performance indicators • Number of multilateral institutions and Canadian/international partners demonstrating a results-based management approach • Existence of strategies related to equality between women and men and the environment for partner institutions

CIDA uses Canada's influence to promote effectiveness and improve the policies and practices of multilateral organizations for the best results possible. During 2007–2008, CIDA continued to improve its assessments of key multilateral partners through the Multilateral Effectiveness and Relevance Assessment (MERA), and through its work with the Multilateral Organisations Performance Assessment Network (MOPAN). The MERA findings were used in CIDA's decision making about multilateral partners (such as CIDA's strategies for helping improve the management effectiveness of individual organizations).

As a member of MOPAN, Canada participated in the 2007 MOPAN survey, which

covered the African Development Bank, the UNDP, and the World Health Organization (WHO). These three organizations found the survey findings to be a positive and useful source they could use to enhance the impact of their operations at the country level. Canada was also actively involved with other MOPAN members in developing a stronger approach for assessing the effectiveness of multilateral organizations. This approach is expected to increase the scope, quality, and reliability of information, enhance donor harmonization, and reduce the costs of doing business between donors and multilateral organizations.

As part of its careful examination of each project (called "due diligence"), CIDA requires partners to define the results of their programs. They are also required to provide CIDA with reporting on the results achieved. As well, CIDA's partners must demonstrate that their programs have appropriately integrated considerations related to equality between women and men and environmental sustainability. To deliver on these requirements, CIDA and its partners are continually reviewing and improving their capabilities. For example, using CIDA's Framework for Assessing Gender Equality Results,[9] CIDA has prepared assessments of the ability of various multilateral partners to plan, achieve, monitor, and report on gender equality results.

As part of its renewed partnership with Canadian civil society, CIDA supported capacity development workshops for voluntary sector organizations. In 2007–2008, 140 partner organizations benefited from 10 workshops delivered across Canada in collaboration with provincial Councils for International Cooperation. Workshops covered general knowledge of CIDA and its Canadian Partnership Branch, project and program budgets, CIDA reporting requirements, results-based management, and public engagement. The workshops also included summaries of development topics such as equality between women and men and the environment (including environmental assessments). According to the participants' evaluations, the workshops increased their overall capacity to design and implement projects and programs, especially results-based management, gender equality, and environmental assessment.

Overall, challenges are posed by the number and diversity of CIDA's multilateral, international, and Canadian partners. For example, the quality of how partners use results-based management varies from one organization to another. As well, the capability of partners to integrate considerations related to equality between women and men and the environment into their programs also varies. This situation underlines the need for CIDA to continue to influence its partners to improve their use of results-based management and to improve their knowledge of equality between women and men and environmental sustainability. In addition, it reinforces the need for CIDA's due diligence processes, as well as the need for the capacity development workshops, knowledge-sharing opportunities, and programming tools offered by CIDA.

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[9] Document available at http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUImages/GenderEquality3/$file/GE-framework.pdf.

In 2007, CIDA evaluated the **University Partnerships in Cooperation and Development (UPCD)** program. The evaluation concluded that UPCD has significantly contributed to the academic capacity of developing-country institutions. It emphasized that the program can build civil society's ability to promote good governance and hold government accountable. However, the evaluation also recognized that the program's range of countries and sectors lacked consistency with CIDA's geographic programming. The evaluation also questioned the sustainability of results in poorer countries whose universities lack the institutional capacity and resources to maintain any gains made in academic capacity. Therefore, the evaluation stressed the importance of ensuring adequate support to developing country institutions. CIDA agreed with the evaluation. It is currently reviewing the program to ensure greater focus and aid effectiveness.

In 2007, CIDA evaluated the **Industrial Cooperation Program (CIDA-INC)**. CIDA-INC was created to encourage Canadian firms to establish long-term business relations with developing countries. The evaluation highlighted opportunities for improvement. It also recommended that CIDA continue to draw on Canadian private sector experience and innovation through a revitalized business partnership program. The evaluation found that a combination of factors had reduced the private sector's interest in the program. The evaluation recommended that CIDA hold consultations to assess the appropriateness of the program's mechanisms, eligibility criteria, and organizational structure. The evaluation also recommended that CIDA strengthen the program's reporting and monitoring functions. CIDA agreed with these recommendations, and has begun consulting other government departments and interested participants about a revitalized program.

Following are two report cards (Asian Development Bank and Volunteer Cooperation Program) to further demonstrate the contribution of this program activity to the objectives of the Canadian aid program.

CIDA's support to the Asian Development Bank

Context
Through CIDA, Canada provides funding to the African, Asian, Caribbean, and Inter-American development banks to help them carry out their mandates that support poverty reduction and the MDGs. CIDA leads Canada's relationship with the banks, in collaboration with DFAIT, and the Department of Finance. CIDA advises the banks' Canadian Executive Directors, and influences the orientation, policies, and overall management of the banks.

Development results
Canada's funding for the Asian Development Bank (ADB) has contributed to results such as: repairing and building roads, irrigation works, and electrical networks in Afghanistan; rebuilding houses, roads, schools, and electrical networks in areas of Pakistan affected by the 2005 earthquake; improving and maintaining roads in Bangladesh to connect poor rural communities to national markets, schools, and health facilities; and improving Indonesia's investment climate and government reform programs through development policy loans coordinated by the World Bank. In its relationship with the ADB, Canada has emphasized managing for development results and integrating equality between women and men.

Results-based management
Although the ADB did not formally recognize the importance of results-based management until 2004, it has actively learned from others and adopted best practices. CIDA (along with Norway and the Netherlands) provided the ADB with some start-up funding in 2004. More recently, CIDA staff has shared knowledge with bank staff on policy, training, tools, and practical experience in implementation. A 2007 evaluation[10] of the ADB's efforts concluded that its progress and challenges were comparable to those of other multilateral development banks. However, the ADB has emerged as a leading organization among donor agencies in terms of focusing on clear results. This is indicated by the fact that they currently co-chair the OECD-DAC Joint Venture on Managing for Development Results (which is the leading international forum on this topic).

Gender equality
Since 2003, CIDA (along with Norway, Denmark, and Ireland) has funded the ADB to accelerate the implementation of its gender equality policy and action plan. This funding has supported recruiting and retaining locally engaged gender specialists in the ADB's offices in several countries. These specialists have substantially contributed to emphasizing gender equality in the ADB's programs. A 2007 report[11] concluded that the ADB has strengthened its capacity, as well as that of its partners, to mainstream gender considerations in their policies, programs, and projects to reduce gender disparities and to promote women's empowerment. The bank is now strengthening its commitment by implementing a renewed action plan.

A renewed partnership
Based on the ADB's overall performance to date and a new strategic plan for 2009–2012, Canada and other member countries agreed in May 2008 to replenish the Asian Development Fund (including the approval of a special allocation for Afghanistan). The new plan includes a commitment to reinforce the ADB's corporate results management system, and to mainstream managing for development results throughout the Bank's programming. CIDA will continue to monitor the ADB's work and to influence organizational and development effectiveness within the Bank.

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[10] Evaluation available at http://www.adb.org/Documents/SES/REG/SST-REG-2007-32/SST-REG-2007-32.asp.
[11] Report available at http://www.adb.org/Documents/Reports/Gender/GDCF/Fund-Progress-Report-2007.pdf.

Volunteer Cooperation Program

Context
Since 1968, CIDA has supported the overseas programs of several Canadian Volunteer Cooperation Agencies (VCAs), as well as their public engagement work in Canada. CIDA's Volunteer Cooperation Program (VCP) pursues two objectives: to build the capacity of civil society in developing countries; and to engage the Canadian public in international development cooperation. Through volunteer cooperation, and by building the capacity of their developing country partners to improve economic and social well being, the VCAs are contributing to sustainable development and poverty reduction.

Commitment to aid effectiveness
The VCP was formally established in 2004, when CIDA adopted a program approach to its support for international volunteers (in line with the principles of aid effectiveness and local ownership, in particular). Through volunteer exchange programs and placements of qualified volunteers, the VCAs help meet local needs in a sustainable manner. By engaging a large and diverse spectrum of Canadian volunteers, the VCAs promote a better understanding of international development issues to the Canadian public. The contribution of volunteers continues to be an essential element of Canada's aid program.

Geographic and sectoral focus
Programming through the VCP corresponds well with CIDA's geographic and sectoral priorities. The VCAs have made considerable effort to reduce the number of countries in which they work. They also continue to focus a major portion of their programming in Africa (about 50 percent) and have started increasing their focus in the Americas (about 25 percent). Since 2004, CIDA's spending through the VCP has averaged $44 million per year. About one-third of this spending supports basic human needs (such as health and education), while democratic governance and private sector development each account for about one-quarter of spending.

Development results
The 2005 review of the VCP[12] concluded that the program has contributed to significant results in developing countries. The VCP has enabled significant assistance to organizations in developing countries, particularly in, for example, training and technical capacity development, administrative and program management, and external communications. The VCAs are successfully improving local ownership of development programming. As well, they are improving the capacity of their partners to respond to the needs of their beneficiaries. The VCAs support their partners' capacity building efforts in several ways, including: entering into strategic alliances; focusing geographically and sectorally; broadening the influence of the results of their work; and promoting domestic volunteer programs and promoting South–South linkages.

Gender equality
All VCAs incorporate gender-equality considerations into their programs and strategies. For example, some programming focuses on the human rights of women, while others help improve women's economic conditions. Women are the heads of a large number of the VCAs' partner organizations.

Strengthened partnerships
The VCAs are contributing to development results in an aid-effective manner to have the maximum impact with resources provided by CIDA. CIDA and the VCAs will continue to build on the strengths and value-added of the VCP.

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[12] Review available at http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/REN-218132716-PPE.

2.5 Engaging Canadian citizens

Program activity description
This program activity provides opportunities for Canadians to increase their awareness, deepen their understanding, and engage in international development. Canadian engagement is a vital element of effective development. It enables CIDA and its partners to draw from a broad range of expertise and financial resources across the country to implement aid initiatives. It also provides an ongoing basis for commitment on the part of the Government of Canada to international development cooperation.

Actual full-time equivalents for 2007-2008	Actual spending for 2007-2008
75	$53,909,438

Financial information: In 2007–2008, spending for this program activity totalled $53.9 million or 1.7 percent of the Agency's overall expenditures. Of this amount, $49 million was for net program expenditures and $4.9 million was allocated to this program activity for corporate services.

Performance overview

Conclusion against the expected result: CIDA has shown progress toward evaluating the impact of its activities. For example, while the Public Engagement Fund target for 2007 was to reach 10,000 Canadians; the actual number of Canadians reached was 52,000. Canadian expertise in democratic governance has been judiciously used: 84 Canadian election observers were provided, and a new mechanism provided just-in-time technical assistance in democratic governance to nine CIDA country partners and regional programs.

Expected result: Increased awareness, deepened understanding, and greater engagement of Canadians with respect to international development
Selected performance indicator ▪ Number of Canadians involved in international development efforts

Canada's aid program relies on Canadians' understanding of development challenges to involve them in Canada's international development agenda. CIDA engaged Canadians in a variety of ways in 2007–2008. For example, the Public Engagement Fund (PEF) and the Development Information Program (DIP) support Canadian programs to enhance the public's awareness and understanding of international development. They also provide opportunities for the public to become actively involved. To improve public knowledge of international development, CIDA funds the provincial and regional Councils for International Cooperation, and supports events and kiosks across Canada. In addition, CIDA continues to increase awareness, deepen understanding, and involve more Canadians in the issues of democratic governance.

In 2007–2008, recipients of PEF funding reported reaching over 52,000 people directly through workshops, speaking tours, participatory theatre, training youth leaders, art and multi-media contests, leadership development, lectures, and films. This exceeds the target set in 2007 of reaching a minimum of 10,000 Canadians.

In 2006–2007, based on the broadcast audience figures from the Bureau of Broadcast Measurement Canada, and print circulation figures from the Canadian Newspaper Association and the Canadian Circulation Audit Board, DIP-funded information products (such as print articles, websites, etc.) potentially reached a Canadian audience of about 27 million. Canadians could see these products through network broadcasts, print articles in magazines and dailies, online publishing, educational resources and development activities for students and teachers. According to a 2007 internal evaluation, DIP partners think that the program has broadened Canadians' understanding of international development issues and stimulated global education in schools. However, the evaluation also highlighted that DIP has not taken full advantage of new media in cross-promoting its products to reach more Canadians. In the future, the program will make better use of new media and other distribution sources.

According to an internal evaluation in 2006, the Councils for International Cooperation succeeded in achieving their anticipated results. These results included coordinating public engagement activities within their province or region and strengthening the public engagement capacity of their members. The evaluation also indicates that these results were achieved in a cost-effective manner. In 2007–2008, the Councils continued to organize activities with and for their members that contributed to greater public engagement capacity within member organizations. For example, during International Development Week in February 2007, the Councils organized events that reached over 250,000 Canadians.

CIDA has three regional offices (Vancouver, Edmonton, Moncton) and four "satellite" offices (Calgary, Saskatoon, Winnipeg, Halifax). Through these offices, Canadians outside the National Capital Region have direct access to:

- information about CIDA;
- advice on how to partner with CIDA; and
- guidance for those wishing to become more involved in international development.

Regional offices reach 4,400 Canadians directly each month via electronic newsletters.

CIDA also supports other activities to involve Canadians in international development. In 2007–2008, events and kiosks organized by CIDA across Canada reached approximately 20,000 Canadians. As well, an e-newsletter, posted on the CIDA website, was sent monthly to 1,271 subscribers.

Engaging Canadians in democratic governance

CIDA works in democratic governance by involving a wide variety of experts in democratic governance programming. For example:

- ✓ 84 Canadian election observers (15 long-term and 69 short-term observers) were deployed in 2007–2008. Canadians joined the missions of the Organization for Security and Cooperation in Europe, the Commonwealth Secretariat, and the European Union to observe elections in eight countries, including Pakistan, Ukraine, and Kenya.

- ✓ The newly launched Deployment for Democratic Development (DDD) allowed 11 Canadian expert resources (CERs) to be recruited to provide just-in-time democratic governance technical assistance to nine CIDA country partners and regional programs. In the coming year, the DDD expects to fulfill 23 new requests for technical assistance in democratic governance, which will send out about 60 CERs.

- ✓ CIDA continues to support the "Governance Village", a virtual meeting place for knowledge sharing related to democratic governance. In 2007–2008, 19 new partners, including the Parliamentary Centre, the Institute on Governance, Journalists for Human Rights, Queen's University Centre for the Study of Democracy, IDRC, OECD, and the UNDP have joined. Thanks to the collaboration of these partners, 3,100 new documents have been catalogued in the library this year, for a total of 7,000 documents. Twelve sub-communities have been created and seven blogs are active. The Governance Village averages 9,050 page views per month. This is an increase of 4,000-page views per month over 2006–2007.

Measuring Canadian engagement remains a challenge because surveys and other evaluation tools are costly or can be anecdotal. More work is, therefore, needed to refine methods to evaluate the impact of CIDA's activities on Canadian engagement.

SECTION 3: SUPPLEMENTARY INFORMATION

3.1 Departmental link to the Government of Canada outcomes

Strategic outcome: Increased achievement of development goals consistent with Canadian foreign policy objectives				
Program activities	**Actual spending 2007-2008**			**Alignment to Government of Canada outcome area**
	Budgetary	**Non-budgetary**	**Total**	
Countries of concentration	758,885,648	0	758,885,648	Global poverty reduction through sustainable development
Fragile states and countries experiencing humanitarian crisis	716,436,642	0	716,436,642	Global poverty reduction through sustainable development
Selected countries and regions	449,779,367	40,337,170	490,116,537	Global poverty reduction through sustainable development
Multilateral, international and Canadian institutions	1,235,072,645	0	1,235,072,645	Global poverty reduction through sustainable development

Strategic outcome: Sustained support and informed action by Canadians in international development				
Program activities	**Actual spending 2007-2008**			**Alignment to Government of Canada outcome area**
	Budgetary	**Non-budgetary**	**Total**	
Engaging Canadian citizens	53,909,438	0	53,909,438	Global poverty reduction through sustainable development

3.2 Financial tables

Table 1: Comparison of planned to actual spending (including FTEs)

($millions)	2005–2006 Actual	2006–2007 Actual	2007–2008 Main Estimates	2007–2008 Planned Spending	2007–2008 Total Authorities	2007–2008 Actual
Budgetary						
Countries of Concentration			825.98	826.21	774.82	758.89
Fragile States and Countries Experiencing Humanitarian Crisis			598.76	618.24	719.72	716.44
Selected Countries and Regions			612.07	612.24	468.39	449.78
Multilateral, International and Canadian Institutions			915.11	915.36	1,259.78	1,235.07
Engaging Canadian Citizens			74.64	74.66	54.72	53.91
Geographic Programs	1,399.20	1,563.21				
Multilateral Programs	1,280.21	1,080.76				
Canadian Partnership	272.84	273.41				
Policy Coherence	67.97	64.03				
Engaging Canadians	24.62	33.26				
Total Budgetary	3,044.84	3,014.67	3,026.54	3,046.71	3,277.43	3,214.08
Non-budgetary						
Multilateral Programs	3.49	3.32				
Canada Investment Fund for Africa	25.09	25.27	19.00	19.00	45.58	40.34
Institutions (IFI) - Capital Subscriptions			3.64	3.64	3.64	
Total Non-budgetary	28.59	28.59	22.64	22.64	49.23	40.34
Total Agency	3,073.43	3,043.26	3,049.19	3,069.35	3,326.66	3,254.42
Less: Non-respendable revenue	47.20	23.40	0.00	0.00	0.00	95.30
Plus: Cost of services received without charge	18.58	19.65	0.00	23.18	0.00	18.94
Net Cost of Agency	3,044.81	3,039.51	3,049.19	3,092.53	3,326.66	3,159.12
Full Time Equivalents	1,607	1,671		1,676		1,791

a. Excludes $215.03 million in issuance of notes issued to the International Financial Institution Fund accounts.
b. Spending authority was increased by $110 million when Bill C-52 received the royal assent in 2007–2008.
c. There were revenues of $89 million as a gain for revaluation of notes payable due to the value fluctuation of the Canadian dollar.
d. Variance: CIDA's 2007–2008 total authorities were 72.2 million above the actual, $43 million in the aid budget, $20.3 million in the operating budget, $3.6 million for capital subscriptions and $5.3 million in the Canada Investment Fund for Africa.

Table 2: Voted and statutory items

Voted or Statutory Item	Truncated Vote or Statutory Wording ($ thousands)	2007–2008 Main Estimates	Planned Spending	Total Authorities	Total Actuals
	Budgetary				
20	Operating expenditures	207,214	208,062	235,958	215,706
25	Grants and contributions	2,534,539	2,553,859	2,517,123	2,474,027
(S)	Minister for International Cooperation - Salary and motor car allowance	75	75	74	74
(S)	Payments to the International Financial Institution Fund Accounts	259,706	259,707	301,846	301,846
(S)	Contributions to employee benefit plans	25,009	25,009	23,626	23,626
(S)	Spending of proceeds from the disposal of surplus Crown assets			3	3
(S)	Loss for revaluation at year-end			88,801	88,801
(S)	Transfer payments in connection with the *Budget Implementation Act, 2007*	0	0	110,000	110,000
	Total Budgetary	3,026,543	3,046,712	3,277,431	3,214,083
	Non-budgetary				
L30	Issuance of notes to the International Financial Institution Fund Accounts				
L35	Issuance and payment of notes to International Financial Institutions - Capital Subscriptions	0	0	0	0
L40	Investment contributions pursuant to section 3 of the *Canada Fund for Africa Act*	19,000	19,000	45,583	40,337
(S)	Payments to International Financial Institutions - Capital Subscriptions	3,643	3,643	3,643	0
	Total Non-budgetary	22,643	22,643	49,226	40,337
	Total Agency	3,049,186	3,069,355	3,326,657	3,254,420

The variance between the total authorities and the actual spending is $72.2 million. From the grants and contributions budget, $1.0 million was not spent and a further $42 million are frozen allotments that will be entirely reprofiled to 2008–2009 for the Canada Fund for Africa; $20.3 million were lapsed from the operational budget, with $1.2 million of this in Treasury Board frozen allotments; $8.9 million in non-budgetary expenses did not materialize.

Note: The following tables can be found on the TBS's website at: http://www.tbs-sct.gc.ca/dpr/2007-2008/info/info-eng.asp

- Loans, investments, and advances (non-budgetary)
- Source of respendable and non-respendable revenue
- User fees
- Policy on service standards for external fees
- Details on transfer payments programs
- Sustainable Development Strategy
- Response to parliamentary committees and external audits
- Internal audits and evaluations

3.3 Financial statements

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with management of the Canadian International Development Agency (CIDA). These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of CIDA's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in CIDA's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout CIDA.

CIDA's financial statements have not been audited.

_____ _____

Margaret Biggs
President

Date

_____ _____

Christine Walker
A / Chief Financial Officer

Date

The unaudited financial statements are prepared in accordance with accrual accounting principles. The unaudited supplementary information presented in the financial tables in the DPR is prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. Note 3 on page 71 of the unaudited financial statements reconciles these two accounting methods.

Canadian International Development Agency
Statement of Operations (unaudited)
for the year ended March 31
(in thousands of dollars)

	2008	*2007*
Expenses (Note 4)		**(Note 18)**
Multilateral, International and Canadian Institutions	$ 1,149,791	$
Countries of Concentration	761,040	
Fragile States and Countries Experiencing Humanitarian Crisis	608,287	
Selected Countries and Regions	412,954	
Engaging Canadian Citizens	54,202	
Total expenses	**2,986,274**	**3,041,152**
Revenues (Note 5)		
Multilateral, International and Canadian Institutions	89,542	
Countries of Concentration	8,443	
Selected Countries and Regions	8,124	
Fragile States and Countries Experiencing Humanitarian Crisis	9	
Engaging Canadian Citizens	8	
Total revenues	**106,126**	**27,538**
Net cost of operations	**$ 2,880,148**	**$ 3,013,614**

The accompanying notes form an integral part of these financial statements.

Canadian International Development Agency
Statement of Financial Position (unaudited)
as at March 31
(in thousands of dollars)

	2008	2007
Assets		
Financial assets		
Accounts receivable and advances (Note 6)	$ 4,947	$ 5,435
Loans to developing countries and international financial institutions (Note 7)	159,818	168,469
Investments and advances to international financial institutions (Note 8)	5,663,827	5,536,717
Allowance for valuation of investments and advances to international financial institutions (Note 8)	(5,663,827)	(5,536,717)
Canada Investment Fund for Africa (Note 9)	100,000	100,000
Total financial assets	**264,765**	**273,904**
Non-financial assets		
Prepaid expenses	105,755	105,267
Tangible capital assets (Note 10)	2,549	2,948
Total non-financial assets	**108,304**	**108,215**
Total	**373,069**	**382,119**
Liabilities		
Accounts payable and accrued liabilities	300,983	687,862
Vacation pay and compensatory leave	8,449	8,241
Notes payable to international financial institutions (Note 11)	28,791	115,873
Accrued liability for matching funds programs	72,509	154,201
Employee severance benefits (Note 12)	33,081	31,184
Other liabilities (Note 13)	1,840	5,815
Total liabilities	**445,653**	**1,003,176**
Equity of Canada	**(72,584)**	**(621,057)**
Total	**$ 373,069**	**$ 382,119**

Contingent liabilities (Note 14)
Contractual obligations (Note 15)

The accompanying notes form an integral part of these financial statements.

Canadian International Development Agency
Statement of Equity of Canada (unaudited)
as at March 31
(in thousands of dollars)

	2008	2007
Equity of Canada, beginning of year	**$ (621,057)**	**$ (511,819)**
Net cost of operations	(2,880,148)	(3,013,614)
Current year appropriations used (Note 3)	3,469,452	3,233,183
Revenue not available for spending	(8,568)	(12,085)
Change in net position in the Consolidated Revenue Fund (Note 3 (c))	(51,201)	(336,368)
Services provided without charge by other government departments (Note 16)	18,938	19,646
Equity of Canada, end of year	**$ (72,584)**	**$ (621,057)**

The accompanying notes form an integral part of these financial statements.

Canadian International Development Agency
Statement of Cash Flow (unaudited)
for the year ended March 31
(in thousands of dollars)

	2008	2007
Operating activities		
Cash received from:		
Interest and service fees on loans	$ 2,427	$ 4,196
Other revenues	1,233	3,882
	3,660	8,078
Cash paid for:		
Transfer payments	(2,856,230)	(2,418,740)
Salaries and employee benefits	(166,140)	(157,054)
Operating and maintenance	(73,890)	(70,176)
	(3,096,260)	(2,645,970)
Cash used by operating activities	**(3,092,600)**	**(2,637,892)**
Investment activities		
Net acquisitions of capital assets	(586)	(450)
Decrease in loans	26,566	26,368
Increase in investments and advances	(302,725)	(247,489)
Increase in the Canada Investment Fund for Africa	(40,337)	(25,267)
Cash used for investment activities	**(317,082)**	**(246,838)**
Financing activities		
Net cash provided by Government of Canada	**$ 3,409,682**	**$ 2,884,730**

The accompanying notes form an integral part of these financial statements.

1. Authority and objectives

The Canadian International Development Agency (CIDA) is designated as a department for the purposes of the *Financial Administration Act* by *Order-in-Council P.C. 1968-923* of May 8, 1968. The authority for the CIDA program and related purposes is found in the *Department of Foreign Affairs and International Trade Act*, in the *Annual Appropriations Act* and in the *International Development (Financial Institutions) Assistance Act*. CIDA is the lead government organization responsible for Canada's Official Development Assistance (ODA).

The three goals of Canadian foreign policy are the promotion of prosperity, the protection of Canadians and global security, and the projection of Canadian values. CIDA's mandate is to support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world. CIDA also has a mandate to support democratic development and economic liberalization in the countries in transition in Eastern Europe and the former Soviet Union. CIDA fulfills its mandate through five main business lines:

- Countries of Concentration program activities involve programming long-term development assistance in selected countries of concentration. CIDA has long-standing relationships with a limited number of countries of concentration. These countries have goals and significant development needs in areas where Canada provides added value. The focus is on enhancing their capacity to achieve their development goals.

- Fragile States and Countries Experiencing Humanitarian Crisis program activities involve programming development and/or humanitarian assistance in fragile states and/or countries experiencing humanitarian crises. Fragile states present a complex and challenging situation, yet Canada's action is critical to creating a more stable and secure environment. To help fragile states restore the capacity of their public institutions and civil societies, CIDA must provide effective and equitable long-term development investments. In countries experiencing humanitarian crisis brought on by natural disasters or conflicts, CIDA focuses on helping people improve their situation. This means returning key health, nutrition, mortality, stability and other indicators to pre-crisis levels for all people as soon as possible. To achieve this, CIDA must provide effective, and timely, humanitarian aid.

- Selected Countries and Regions program activities involve programming development assistance in selected countries and regions eligible for Canadian international assistance. The countries and regions in this grouping are at varying stages of development, but all have some level of strategic importance to their neighbours and/or to Canada. They also play a key role in addressing regional dimensions of development, including transboundary issues like pollution, conflict, communicable disease and natural resource management. Initiatives with selected countries and regions are designed to assist them to achieve stability

and/or development goals, and are delivered in partnership with the private sector, NGOs, academia, ethnic communities and other levels of government. The aid focus is to complement other Canadian government departmental objectives, and to build upon the linkages established between Canadian partners and their local partners in selected countries and regions. Policy dialogue and advice also complement CIDA's programming efforts.

- Multilateral, International and Canadian Institutions program activities support programming development assistance and engaging with selected multilateral institutions and Canadian/International organizations. A considerable portion of CIDA programming is devoted to providing assistance to, and through, multilateral or international organizations, which play important roles in providing development assistance worldwide, through financial contributions, expertise, and implementation of projects on the ground. CIDA supports organizations whose mandates, objectives and capacities to deliver development initiatives are consistent with Government of Canada objectives and priorities.

- Engaging Canadian Citizens program activities provide opportunities for Canadians to increase their awareness, deepen their understanding and ensure their greater engagement in international development. The Agency undertakes a range of initiatives to inform and engage Canadians, including outreach to youth, support for the public engagement activities of Canadian partners, support for mass media and education initiatives to increase awareness and understanding of international development and cooperation issues among Canadians.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations
CIDA is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to CIDA do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the two bases of reporting.

(b) Net cash provided by government
CIDA operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CIDA is deposited to the CRF and all cash disbursements made by CIDA are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the consolidated revenue fund
Represents the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non respendable revenue recorded by CIDA. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues
Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. CIDA's revenues mainly consist of foreign exchange gain on revaluation as well as interest and service fees on loans.

(e) Expenses
Expenses are recorded on the accrual basis. CIDA's expenses mainly consist of operating transactions, grants and contributions and foreign exchange loss on revaluation.

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants that do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Superannuation Plan, a multi-employer, defined benefit, pension plan administered by the Government of Canada. CIDA's contributions to the Plan are charged to expenses in the year incurred and represent the total

departmental obligation to the Plan. Current legislation does not require CIDA to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivable and advances
Accounts receivable and advances are stated at amounts expected to be ultimately realized. An allowance is taken for receivables where recovery is considered uncertain.

(h) Loans to developing countries and international financial institutions (IFI)
Loans to developing countries and International Financial Institutions for international development assistance are recorded at cost and are adjusted to reflect the concessionary terms of those loans made on a long-term, low interest or interest-free basis. The discount determined at the date of the issuance is amortized to revenue using a straight-line amortization. Any interest or service fees revenue is recognized with the passage of time and according to the terms of the loan agreement. However, when specific loan balances are deemed uncollectible, interest and service fees revenue ceases to be accrued on these loans. No new loans have been recorded by CIDA since April 1, 1986.

An allowance for valuation is further used to reduce the carrying value of the loans to amounts that approximate their net realizable value. The allowance is determined based on the Government's identification and evaluation of countries that have formally applied for debt relief, estimated probable losses that exist on the remaining portfolio, and changes in the economic conditions of sovereign debtors.

Any loans written off or forgiven are presented as an integral part of the Countries of Concentration expenses in the Statement of Operations and distinctly under Transfer payments in the note on expenses, in the fiscal year during which the required Parliamentary authority is obtained and the government of Canada writes off or forgives the loan amounts owing to CIDA. Should subsequent recoveries arise, they are presented in the revenue for Countries of Concentration in the Statement of Operations and distinctly in the note on revenues in the fiscal year during which the monies are received.

See note 7 for more details.

(i) Investments and advances to international financial institutions (IFI)
Investments and advances to international financial institutions are recorded at cost.

Investments
Investments consist of subscriptions to the share capital of a number of international financial institutions and are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment, but are repayable on termination of the organization or withdrawal from it. Paid-in capital is made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program.

Advances
Advances are issued to international financial institutions that use these funds to issue loans to developing countries at concessionary terms.

For these investments and advances to international financial institutions, an allowance is established based on their estimated realizable value.

See note 8 for more details.

(j) Prepaid expenses
CIDA has the authority to make payments under the terms of a contribution agreement before the expenditures are incurred. The portion of a payment which is intended to cover expenses to be incurred in a subsequent fiscal year is recorded as prepaid expenses.

(k) Tangible capital assets
All tangible capital assets having an initial cost of $10,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the tangible capital asset as follows:

Asset Class	*Amortization period*
Communication equipment	3 years
Informatics equipment	5 years
Computer Software	3-5 years
Other equipment	3-5 years
Vehicles	5 years

(l) Notes payable to international financial institutions (IFI)
Notes payable to international financial institutions represent non-interest bearing, non-negotiable demand notes for share capital subscriptions and advances that are later presented for encashment according to the terms of the agreement. Amounts pertaining to notes already issued and the related future encashment obligations are presented in the

Statement of Financial Position under Notes payable to international financial institutions, while the amounts for notes payable that will be both issued and encashed under the terms of signed agreements are presented in note 15 on contractual obligations.

(m) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(n) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect on March 31. Gains and losses resulting from foreign currency transactions are included in the Statement of Operations, and shown in Notes 4 and 5.

(o) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies are consistent with Canadian generally accepted accounting principles for the public sector, which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are in determining the allowance for doubtful accounts, allowance for loans, the useful life of tangible capital assets, contingent liabilities and the liability for employee severance benefits. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

CIDA receives its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, CIDA has different net results of operations for the year on a government-funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used

	2008	*2007*
	(in thousands of dollars)	
Net cost of operations	**$ 2,880,148**	**$ 3,013,614**
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Amortization of tangible capital assets	(1,088)	(1,557)
Bad debts expense	(388)	(9,284)
Justice Canada's legal fees	-	(596)
Services provided without charge	(18,938)	(19,646)
Refunds of prior years expenditures	7,324	10,912
Gains on foreign exchange	89,069	9,339
Other revenue	2,902	3,125
Allowance for valuation of loans, investments and advances	146,084	117,472
Vacation pay and compensatory leave	(208)	(278)
Employee severance benefits	(1,897)	(4,897)
Contingent liability related to the *Budget Implementation Act, 2007*	110,000	(110,000)
	3,213,008	**3,008,204**
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Capital acquisitions	586	450
Prepaid expenses	489	6,017
Advances / subscriptions to International Financial Institutions	215,032	193,245
Payments to the Canada Investment Fund for Africa	40,337	25,267
Current year appropriations used	**$ 3,469,452**	**$ 3,233,183**

(b) Appropriations provided and used

	2008	*2007*
	(in thousands of dollars)	
Appropriations provided		
Budgetary		
Vote 20 (30) - Operating expenditures	$ 235,958	$ 218,202
Vote 25 (35) - Grants and contributions	2,517,123	2,472,339
Statutory amounts	524,351	429,568
Total Budgetary	**3,277,432**	**3,120,109**
Non-Budgetary		
Vote L30 (L40) - Issuance of notes to the Fund Accounts	215,032	189,922
Vote L35 (L45) - Issuance of notes for Capital Subscriptions	-	3,324
Vote L40 (L50) - Contribution to the Canada Investment Fund for Africa	45,583	74,906
Statutory amounts	7,360,374	8,077,389
Total Non-Budgetary	**7,620,989**	**8,345,541**
Total appropriations provided	**10,898,421**	**11,465,650**
Less:		
Appropriations available for future years	(7,356,735)	(8,077,390)
Lapsed appropriations: Operating	(20,253)	(12,807)
Lapsed appropriations: Grants and contributions	(43,096)	(92,624)
Statutory appropriations lapsed	4	(7)
Lapsed non-budgetary appropriations	(8,889)	(49,639)
Current year appropriations used	**$ 3,469,452**	**$ 3,233,183**

Notes:

Vote numbers of 2006-07 corresponding to the equivalent Vote numbers of 2007-08 are presented in brackets.

Of the $20.3M lapsed appropriations for operating expenses, $1.2 M was in Treasury Board frozen allotments and the Agency should be able, pending TB approval, to carry forward $10.4 M of this authority to 2008-09.
Of the $43.1M lapsed appropriations for grants and contributions, $42M were in Treasury Board frozen allotments.

(c) Reconciliation of net cash provided by Government to current year appropriations used

	2008	*2007*
	(in thousands of dollars)	
Net cash provided by Government	$ 3,409,682	$ 2,884,730
Revenue not available for spending	8,569	12,085
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	488	10,837
Variation in accounts payable and accrued liabilities	(276,879)	103,015
Allowances related to loans, investments and advances to developing countries and international financial institutions	207,897	234,854
Other adjustments	119,695	(12,338)
	51,201	336,368
Current year appropriations used	**$ 3,469,452**	**$ 3,233,183**

4. Expenses

The following table presents details of expenses by category:

	2008	*2007*
	(in thousands of dollars)	
Transfer payments		
Other countries and international organizations	$ 2,636,913	$ 2,769,645
Operating		
Salaries and employee benefits	179,322	172,150
Loss on foreign exchange	88,813	9,311
Professional and special services	39,684	44,690
Travel and communication	17,168	16,948
Rentals	11,255	10,619
Repair and maintenance	5,520	3,743
Machinery and equipment	4,810	1,879
Other	1,313	1,326
Amortization of tangible capital assets	1,088	1,557
Bad debts	388	9,284
Total operating expenses	349,361	271,507
Total expenses	**$ 2,986,274**	**$ 3,041,152**

5. Revenues

The following table presents details of revenues by category:

	2008	*2007*
	(in thousands of dollars)	
Amortization of discount on loans	$ (14,154)	$ (15,074)
Gains on foreign exchange	(89,069)	(9,339)
Interest and service fees on loans	(2,282)	(2,579)
Other revenues	(621)	(546)
Total revenues	**$ (106,126)**	**$ (27,538)**

6. Accounts receivable and advances

Accounts receivable and advances for CIDA consist mainly of:

- Amounts to be recovered where the recipient has not complied with the terms and conditions of the contribution agreement for which a payment has been made.
- Salaries to be recovered for CIDA's employees on secondment in another department or in a private organization.

The following table presents details of accounts receivable and advances:

	2008	*2007*
	(in thousands of dollars)	
Interest and service fees on loans	$ 640	$ 6,669
Receivables from other Federal Government departments and agencies	2,989	3,301
Receivables from external parties	7,126	9,070
Accountable and standing advances	113	70
	10,868	19,110
Less: Allowance for doubtful accounts on receivables from external parties, and on interest and service fees on loans	(5,921)	(13,675)
Total	**$ 4,947**	**$ 5,435**

7. Loans to developing countries and international financial institutions

The following table presents details of loans to developing countries and international financial institutions:

	2008	*2007*
	(in thousands of dollars)	
(a) 30 year term, 7 year grace period, unsecured, 3 percent interest per annum, with the final repayment in March 2005:		
Cuba	$ 9,547	$ 9,547
(b) 35 year term, 4 year grace period, unsecured, 5 percent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:		
Egypt	44,996	44,996
(c) 50 year term, 10 year grace period, unsecured, non-interest bearing, with final repayments between March 2015 and September 2035:		
African Development Bank	1,594	1,719
Algeria	6,614	7,228
Andean Development Corporation	1,937	2,063
Argentina	168	187
Bolivia	594	636
Brazil	230	251
Central American Bank for Economic Integration	727	803
Chile	932	1,030
Colombia	263	289
Dominican Republic	3,650	3,887
Ecuador	4,152	4,457
Guatemala	1,881	2,031
Indonesia	185,480	195,918
Malaysia	1,483	1,546
Malta	400	425
Mexico	25	28
Morocco	7,208	8,087
Myanmar (Burma)	8,306	8,306

Pakistan	447,508	447,508
Paraguay	180	200
Peru	37	41
Philippines	1,646	1,743
Sri Lanka	86,578	92,118
Thailand	17,940	18,787
Tunisia	51,887	56,830
(d) 53 year term, 13 year grace period, unsecured, non-interest bearing, with the final repayment in September 2025:		
Algeria	18,676	20,544
Subtotal	**904,639**	**931,205**
Less:		
Unamortized discount	(596,976)	(607,848)
Subtotal	**307,663**	**323,357**
Less:		
Allowance for valuation	(147,845)	(154,888)
Total	**$ 159,818**	**$ 168,469**

In 2006–2007, the Government of Canada, as represented by CIDA, entered into an agreement with the Government of Pakistan to forgive its outstanding $447 million loan. In order to expire its debt obligation, the Government of Pakistan is required to make education sector investments that are equivalent to the current present value of its debt ($117.4 million). According to the agreement, these investments are to be made over a five-year period, and Pakistan's debt is to be written down proportionally by CIDA as the investments are made. To this day, no education sector investments have been reported by Pakistan to CIDA and consequently, no debt write down has been performed.

Notes:
Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

The loan with the Philippines was issued in Canadian dollars. However, it is reimbursable in Philippine pesos in equivalent Canadian dollar semi-annual instalments of $48,580 until September 2024. The instalments are converted to Philippine pesos using the foreign exchange rate in effect at the time of repayment.

8. Investments and advances to international financial institutions

The following table presents details of investments and advances to international financial institutions:

	2008	*2007*
	(in thousands of dollars)	
Investments		
African Development Bank	$ 109,460	$ 115,240
Asian Development Bank	162,609	178,975
Caribbean Development Bank	20,177	21,916
Inter-American Development Bank	184,876	207,534
	477,122	**523,665**
Advances		
African Development Fund	1,915,393	1,836,154
Asian Development Bank-Speciall	27,027	27,027
Asian Development Fund	1,921,547	1,868,753
Caribbean Development Bank-Agricultural Development Fundl	2,000	2,000
Caribbean Development Bank-Commonwealth Caribbean Regional	4,106	4,618
Caribbean Development Bank-Special	200,933	188,956
Global Environment Facility Trust Fund	428,410	392,140
Inter-American Development Bank-Fund for Special Operations	338,934	361,200
Multilateral Investment Fund	27,173	20,857
International Bank for Reconstruction and Development	20,530	23,092
International Fund for Agriculture Development	216,958	204,532
International Monetary Fund	11,260	12,665
Montreal Protocol Mutilateral Fund	72,434	71,058
	5,186,705	**5,013,052**
Subtotal investments and advances	**5,663,827**	**5,536,717**
Less:		
Allowance for valuation	(5,663,827)	(5,536,717)
Total	**$ -**	**$ -**

The allowance for valuation reduces the net realizable value of the investments and advances to international financial institutions to zero, as it is not expected that CIDA will recover these investments and advances in the future.

9. Canada Investment Fund for Africa (CIFA)

The CIFA is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund is subject to matching funds of other investors and shall be equal to the lesser of: (i) $100 million and (ii) the aggregated commitments of all other limited partners of the partnership.

The CIFA is presented at cost. Since the aggregated commitments of all other limited partners exceed $100 million as at March 31, CIDA's commitment amounts to $100 million on that date. It is reflected distinctly in the Statement of Financial Position with a corresponding accrued liability for upcoming disbursements included in the Accrued liability for matching funds programs.

The following table presents details of the Canada Investment Fund for Africa:

	2008	*2007*
	(in thousands of dollars)	
Cumulated payments as at March 31	$ 104,503	$ 53,327
Cumulated returns of capital as at March 31	(5,027)	(2,966)
Accrued liability as at March 31	524	49,639
Total	**$ 100,000**	**$ 100,000**

10. Tangible capital assets

(in thousands of dollars)

Cost					Accumulated amortization				Net book value	
Capital asset class	Opening balance	Acquisitions	Disposal &write-offs	Closing balance	Opening balance	Amortization	Disposal &write-offs	Closing balance	2008	2007
Communication equipment	623	222	-	845	623	13	-	636	209	-
Informatic equipment	10,561	233	-	10,794	8,270	742	-	9,012	1,782	2,291
Computer software	51	-	-	51	18	10	-	28	23	33
Other equipment	1,402	183	-	1,585	831	304	-	1,135	450	571
Vehicles	114	47	4	157	61	19	8	72	85	53
Total	**12,751**	**685**	**4**	**13,432**	**9,803**	**1,088**	**8**	**10,883**	**2,549**	**2,948**

Amortization expense for the year ended March 31, 2008 is $1,087,619 ($1,557,197 in 2007).

11. Notes payable to international financial institutions

The following table presents details of notes payable to international financial institutions:

	2008	*2007*
	(in thousands of dollars)	
Investments		
Caribbean Development Bank	**$ 7,506**	**$ 7,774**
Advances		
Asian Development Fund	1,144	19,195
Caribbean Development Bank-Special	-	46,475
Global Environment Facility Trust Fund	20,141	32,960
Multilateral Investment Fund	-	9,469
Subtotal	**21,285**	**108,099**
Total	**$ 28,791**	**$ 115,873**

During the year, there were $215,911,048 in note issuances ($189,921,644 in 2007) and $302,725,110 in note encashments ($247,488,547 in 2007).

12. Employee Benefits

(a) Pension benefits: CIDA's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The 2007–2008 expense amounts to $17,223,255 ($16,134,095 in 2006–2007), which represents approximately 2.1 times (2.2 in 2006–2007) the contributions by employees.

CIDA's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: CIDA provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2008	*2007*
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	$ 31,184	$ 26,287
Expense for the year	4,822	8,318
Benefits paid during the year	(2,925)	(3,421)
Accrued benefit obligation, end of year	$ 33,081	$ 31,184

13. Other liabilities

Other liabilities comsist of funds received from external organizations to carry out specific aid projects and to lbe administered by CIDA on their behalf.

In 2007–2008, the main such liability administered by CIDA was a contribution received from the Government of the Netherlands, acting through the Netherlands Minister for Development Cooperation, to provide significant resources to the education sector in Nicaragua.

Information about tthe other liabilities, measured as at March 31, is as follows:

	2008	*2007*
	(in thousands of dollars)	
Other liabilities, beginning of year	$ 5,815	$ 922
Amounts received during the year	11,339	6,712
Amounts disbursed during the year	(15,314)	(1,819)
Other liabilities, end of year	$ 1,840	$ 5,815

14. Contingent liabilities

Contingent liabilities for CIDA can be classified into two categories: callable share capital in certain international organizations, and pending and threatened litigation cases.

CIDA detains callable share capital in certain international organizations that could require future payments to those organizations. Callable share capital is composed of resources that are not paid to the organizations but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the organizations, would only be utilized in extreme circumstances to repay unrecoverable loans, should the organization's reserves not be sufficient. As at March 31, 2008, the callable share capital is valued at $7.4 billion and no provision was recorded for this amount.

CIDA is a defendant in certain pending and threatened litigation cases which arose in the normal course of operations. Legal proceedings for claims totalling approximately $0.4 million ($2 million in 2007) were still pending as at March 31, 2008. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

15. Contractual obligations

The nature of CIDA's activities results in some large multi-year contracts and obligations whereby CIDA will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

	2009	2010	2011	2012	2013 and thereafter	Total
Transfer payments	1,319,711	747,126	411,821	201,930	85,768	2,766,356
Professional services	8,659	135	135	94	71	9,094
Operating leases	216	175	181	156	96	824
Encashment of notes by International Financial Institutions	224,699	143,387	143,387	3,152	-	514,625
Total	**1,553,285**	**890,823**	**555,524**	**205,332**	**85,935**	**3,290,899**

16. Related party transactions

CIDA is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. CIDA enters into transactions with these entities in the normal course of business and on normal trade terms. Throughout the year, the department received services that were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:

During the year, CIDA received without charge from other departments: accommodation, administrative services pertaining to workers' compensation claims, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in CIDA's Statement of Operations as follows:

	2008	2007
	(in thousands of dollars)	
Employer's contribution to the health and dental insurance plans	$ 9,921	$ 10,629
Accommodation	8,371	8,183
Legal services	548	834
Administrative charges pertaining to workers' compensation claims	98	-
Total	**$ 18,938**	**$ 19,646**

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all, without charge. The costs of some of these services, notably the payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in CIDA's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties:

	2008	2007
	(in thousands of dollars)	
Accounts receivable with other government departments	$ 2,989	$ 3,301
Accounts payable with other government departments	9,915	9,224

17. Subsequent event

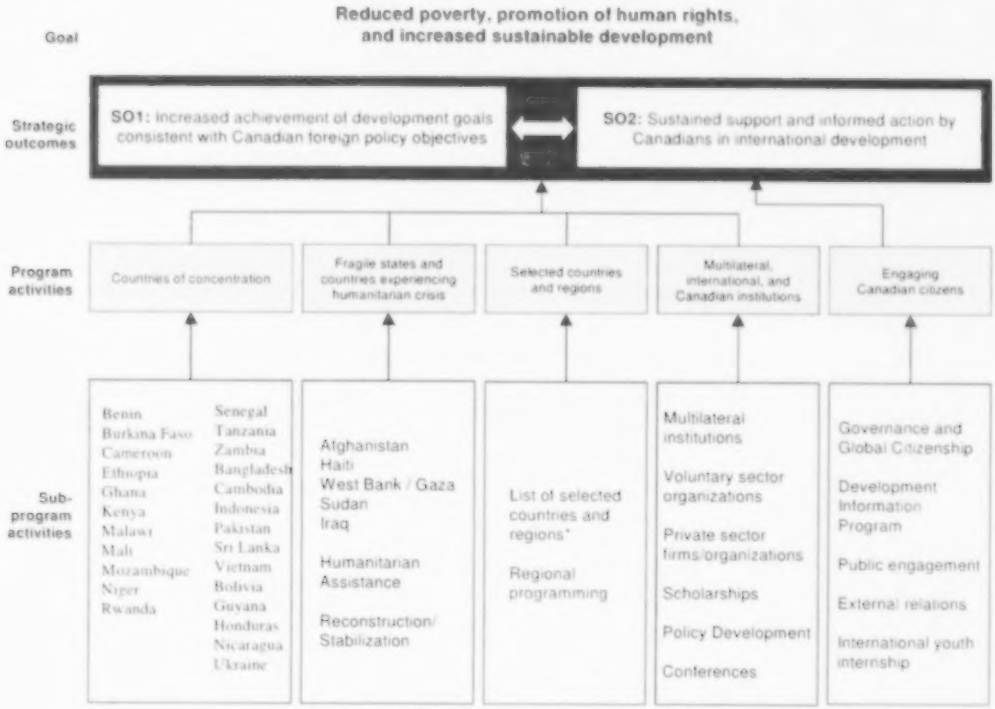
On May 15, 2008, CIDA established matching funds programs to provide relief to victims of the cyclone that struck Burma on May 2, 2008, and to victims of the earthquake that occurred in China on May 12, 2008. According to these programs, the Agency committed to paying one dollar in the funds that were created for each dollar paid by Canadian individuals to charitable organizations that have established initiatives to provide relief to affected populations of Burma and China. The funds raised by eligible charitable organizations from Canadians and, consequently, the total obligation that CIDA will have to meet with regards to these matching funds programs in 2008–2009 and in subsequent years amounts to $41.6 million.

18. Comparative information

CIDA modified its defined program activities in 2007–2008. As a result, comparative information for expenses and revenues is not available. Where applicable, other comparative figures have been reclassified to conform to the current year's presentation.

SECTION 4: OTHER ITEMS OF INTEREST

4.1 CIDA's Program Activity Architecture



* **List of selected countries and regions**

Selected countries	Regions
Algeria, Burundi, Democratic Republic of Congo, Côte d'Ivoire, Egypt, Guinea, Jordan, Lebanon, Morocco, Nigeria, South Africa, Yemen, Zimbabwe, China, India, Maldives, Nepal, Philippines, Tajikistan, Thailand, Brazil, Columbia, Cuba, Ecuador, El Salvador, Guatemala, Jamaica, Peru, Bosnia and Herzegovina, Russia, Serbia and Montenegro.	Africa Great Lakes Regional Program, Pan Africa Program, Southern Africa Program, West Africa Program, Sahel Regional Program, East Africa Regional Program, Central Africa Regional Program, Canada Fund for Africa Program, Caribbean Regional Program, Inter-American Program, Central America Regional Program, Lee and Windward Regional Program, South America Regional Program, Southern Cone Regional Program, South-East Asia Program, South Asia Regional Program, Central Asia Regional Program, Organization for Security and Cooperation in Europe Program, Institutional Partnerships in Europe, Mideast and Maghreb, Broader Middle East and North Africa Program, Middle East Regional Program, South Caucasus Regional Program, Eastern Adriatic Program, Maghreb Regional Program.

4.2 CIDA's new organizational structure

Geographic Programs:

- encompasses all bilateral aid relationships;
- coordinates with partnership efforts; and
- coordinates operational processes and systems coherently and consistently.

Canadian Partnership supports North-South partnerships that strengthen local civil society and private sector entities in order to advance sustainable development.

- Canadian partnership programming is coordinated and increasingly aligned with *Geographic Programs*.

Sectors and Global Partnerships focuses on:

- building world-class expertise in the Agency's priority sectors;
- strengthening relationships with CIDA's global development partners;
- contributing to improving the effectiveness of multilateral organizations; and
- providing timely and effective humanitarian assistance.

Strategic Policy and Performance ensures:

- care in creating and following effective strategies;
- coordination and coherence;
- innovation;
- explicit incorporation of aid effectiveness principles;
- clear and externally validated results; and
- clearer, more credible communication of the Agency's impact.

Human Resources, the *Chief Financial Officer* and the *Chief Information Officer* focus on achieving excellence in managing CIDA's human, financial, and information resources.

4.3 Corporate services

Corporate services include policy, communications, human resource management, financial management, internal audits, evaluations, results-based and risk management, information management/information technology, supply chain management, facilities/asset management, strategic planning, and other support activities.

Corporate services contribute to CIDA's strategic outcomes by improving the delivery of the Canadian aid program. On balance, corporate functions have helped the Agency move forward on aid effectiveness, mainly through: performance and risk management; internal audit and evaluation for the "clear accountability for results" component and human resources and financial management for the "effective use of resources" component. Achievements in these areas are noted in Section 1, 1.5.

Overall management performance

Each year, the Treasury Board Portfolio assesses CIDA's management performance. The Round V Management Accountability Framework (MAF) assessment indicates generally positive results. For the 20 indicators against which CIDA was assessed, it received two "Strong" ratings, 14 "Acceptable" ratings, four "Opportunities for Improvement" ratings, and no "Attention Required" ratings. A trend report is included on the next page.

CIDA has continued to receive a "Strong" rating for its Evaluation function. This is especially important because the appropriate evaluation of Canada's aid monies leads directly to more effective use of aid. CIDA also received a "Strong" rating for its productive, principled, sustainable, and adaptable workforce. CIDA is commended for the work it has done this past year to improve management practices. The Agency is also commended for the progress it has made in corporate risk management and the effectiveness of the internal audit function.

The following priorities have been identified as a result of this assessment:

- review CIDA's Program Activity Architecture (effective for 2010–2011 Estimates) to take into account the new act on ODA and aid effectiveness priorities;
- systematize the application of results-based management, including simplified monitoring tools; and
- establish mechanisms to improve the organization's values and ethics culture.

Implementation of the Treasury Board Policy on Internal Audit

As required in the Memorandum of Understanding signed in April 2007 between CIDA and Treasury Board Secretariat, CIDA is disclosing the use of incremental funding obtained to implement the Treasury Board Policy on Internal Audit as follows: CIDA paid out $759,445 in 2007–2008 to cover remuneration of resources recruited to achieve additional assurance work required ($668,137); training, certification, and professional membership of internal auditors ($78,408); and remuneration of audit committee's external member ($12,900).

Canadian International Development Agency

MAF Trend Report
Round IV (2006-2007) – Round V (2007-2008)

Area of management	Round IV	Round V	Trend
1. Values-based leadership and organizational culture	OI	OI	=
2. Utility of the corporate performance framework	OI	OI	=
3. Effectiveness of the corporate management structure	AC	AC	=
4. Effectiveness of extra-organizational contribution	AC	AC	=
5. Quality of analysis in Treasury Board submissions	AC	AC	=
6. Quality and use of evaluation	ST	ST	=
7. Quality reporting to Parliament	OI	OI	=
8. Managing organizational change	NA	AC	
9. Effectiveness of corporate risk management	OI	AC	↗
10. Extent to which the workplace is fair, enabling, healthy and safe	AC	AC	=
11. Extent to which the workforce is productive, principled, sustainable and adaptable	AC	ST	
12. Effectiveness of information management	AC	OI	↘
13. Effectiveness of information technology management	AC	AC	=
14. Effectiveness of asset management	AC	AC	=
15. Effective project management	AC	AC	=
16. Effective procurement	AC	AC	=
17. Effectiveness of financial management and control	AC	AC	=
18. Effectiveness of internal audit function	OI	AC	↗
19. Effective management of security and business continuity	NA	AC	
20. Citizen-focused service	AC	AC	=
21. Alignment of accountability instruments	NA	X	

Rating scale

AR: attention required
OI: opportunity for improvement
AC: acceptable
ST: strong
NA: not applicable

4.4 Other information

For additional information about CIDA's programs, activities, and operations, please visit the Agency's website at www.acdi-cida.gc.ca

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Legislation administered

The *Order-in-Council P.C. 1968–923* of May 8, 1968, and *P.C. 1968–1760* of September 12, 1968, designate CIDA as a department for the purposes of the *Financial Administration Act*. The authority for the CIDA program and related purposes is found in the *Department of Foreign Affairs and International Trade Act* and in the *Annual Appropriations Act*. CIDA is the lead government organization responsible for Canada's ODA.